



**FACTORS AFFECTING EFFECTIVE UTILIZATION OF PUBLIC
BUDGET: A CASE OF SELECTED PUBLIC ORGANIZATIONS IN
HAWASSA TOWN ADMINISTRATION, SIDAMA REGIONAL STATE,
ETHIOPIA**

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COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF ACCOUNTING AND FINANCE**

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HAWASSA, ETHIOPIA

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A THESIS SUBMITTED TO THE DEPARTMENT OF ACCOUNTING AND FINANCE,
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FULFILLMENT OF THE REQUIRMENTS FOR THE AWARD OF MASTER OF SCIENCE
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March 2024

HAWASSA, ETHIOPIA

DECLARATION

I hereby declare that the thesis entitled “*Factors Affecting Effective Utilization Of Public Budget: A Case Of Selected Public Organizations In Hawassa Town Administration, Sidama Regional State, Ethiopia* ” submitted to the Department of Accounting and Finance, College of Business and Economics, Hawassa University, in partial fulfilment of the requirements for the award of master of science (Msc) in accounting and finance is based on my original research work carried out by myself under the supervision and guidance of Principal advisor **Asegid Getachew (PhD)** and co-advisor Mr. **Desta Zelalem (MSc)**. This work has not been submitted earlier in full or in part, thereof, for the award of other similar degree, diploma, in any other university or institution.

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We, the undersigned, members of the Board of Examiners of the final open defences by **Betelihem Negash**, have read and evaluated the thesis entitled *“Factors Affecting Effective Utilization Of Public Budget: A Case Of Selected Public Organizations In Hawassa Town Administration, Sidama Regional State, Ethiopia”*, and examined the candidate. This is, therefore, to certify that the thesis has been accepted in partial fulfilment of the requirements for the award of Master of Science (Msc) in Accounting and Finance

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Final approval and acceptance of the thesis is contingent upon the submission of the final copy of the thesis to the School of Graduate Studies (SGS) through the School Graduate Committee (DGC/SGC) of the candidate's department.

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ACRONYMS

CSA	Central Statistical Agency
EEA	Ethiopian Economic Association
GDP	Gross domestic product
ILO	International labor organization
MoTI	Ministry of Trade and Industry
OECD	Organization for Economic Cooperation and Development
SPSS	Statistical Package for Social Science
VAT	Value added tax

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ABSTRACT

The aim of this study was aimed to investigate factors affecting effective utilization of public budget in selected public organizations in Hawassa Town Administration. This study used descriptive and explanatory research design. The research used non-probability sampling technique to select samples. Population of the study was taken from six public organizations in Hawassa City administration who are working in plan preparation directorate, finance administration and internal audit directorate by selecting purposely a total sample of 138 respondents. In the selection, census sampling technique was employed. Primary data was collected using five Point Likert-Scale questionnaires, and out of 138 survey questionnaires 132 responses were properly filled and returned. Then the responses were analyzed using statistical Package for Social Sciences (SPSS) version-25 and Stata-14 and summarized to relate the variables that were collected from questionnaires. Both descriptive and binary logistic analysis was used to analyze the responses. The descriptive analysis result shows that all independent variables such as staff competency, stakeholder's involvement, information technology, finance rules and regulations and auditing & monitoring had got moderate mean score. These results suggest that a numbers of respondents were not fully satisfied on level practice of these variables. From spearman correlation analysis result, five independent variables have a positive and significant relationship with the dependent variable of effective budget utilization of public sectors in Hawassa City Administration at 99% confidence level. As per the result of binary logistic regression analysis the researcher concluded that the five predictor variables (i.e., staff competency, stakeholder's involvement, information technology, finance rules and regulations and auditing & monitoring) had significant effect on the dependent variable effective public budget utilization) in the study area. Finally the study recommended that the study public organizations should improve practice of staff competency activities, stakeholder's involvement, information technology, finance rules and regulations and auditing & monitoring in order to increase the probability of improvement of the existing budget utilization status of public organizations.

Key words; staff competency, stakeholder's involvement, information technology, finance rules auditing, budget utilization, public sector, Public budget, Effectiveness, Hawassa town.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Budgeting is explained as a numerical statement of management's expected plan of action for a given period that aids in coordination of what must be done to put the plan into action (Horngren et al., 2004). Budgeting is a tool that converts data into decision (Abogun and Fagbemi, 2012). Schick (2007) and Silva and Jayamaha (2012) also stated that budget is used as a benchmark and as a control tool that assist management to compare performance with the anticipated outcome.

A government budget is a statement of a comprehensive plan for mobilizing and utilizing expected resources during the budgeting exercise over a certain time period or over a well-defined time period; it is a record of a government's income and expenditures. It's the government's most powerful economic policy tool. National revenue and borrowing, which is subject to conditions such as borrowing only to promote growth, are the two main sources of cash in Ethiopia's public sector (Rotich & Ngahu, 2015). A well-functioning budget system is essential for the development of long-term fiscal policy and economic development. Budgetary institutions have long played a key role in the continuous trend toward more responsive, responsible, and accountable government in developed countries (Anwar, 2007).

The use of the budget as a tool for strategic management and citizen empowerment, as well as a comprehensive budget that encompasses all government operations, a results-based chain demonstrating their performance, and budget process transparency, are all seen as critical aspects of a reform to address the perceived limitations of budgetary organizations.

A budget can include both financial and non-financial aspects of the plan, and it serves as a guide for the organization's future decisions. It is an indispensable tool for every organization's efficient operation (Gachithi, 2015). A credible budget also includes fair estimates and long-term expenditure goals, and the legislative process is well-managed (Conteh, 2016). However Sivabalan et al. (2009) noted that budgets are usually criticized for performance evaluation reasons.

For these reasons, the public budget is considered as an important process that attracts the attention and consideration of the public at large. The government needs to prepare a budget since it has to plan the extent of its expenditure and revenue (Esayas, 2014). Ethiopia started the practice of government budget early at the regime of Hailesilase I. However, at the beginning, it was not structured in such a way as to permit efficient financial administration, but through time period continuous modification of the budget system was made before it attained its present status (Miju and Girma, 2014).

In the Ethiopia public sector, the budget implementation period or the financial years run from **8 July to 7 July/Hamle 1-sene 30/** . During this period, a lay down medium term expenditure framework budget cycle is followed in the preparation and implementation of the national budget. Budget implementation is the real execution of the budget and application of funds to the planned activities. During the financial year, however, not all funds are expended as per the plan.

According to Hawassa Town Administration Finance and Economy office (2014 E.C annual report) a number of public offices did not effectively manage their budget due to different reasons. In fact budget management affected by intrinsic and extrinsic factors within the boundary of in and outside of the organization having the influence on the proper management of the budget. Therefore, this study aimed to investigate factors affecting effective utilization of Public Budget in Selected Public Organizations in Hawassa Town Administration

1.2 Statement of the Problem

There is an increasing focus on improving the quality of public financial management across the world, with certain countries attaining notable achievements in this area (ACCA, 2013). According to Gideon (2015), a well-functioning budget system, is essential for developing long-term fiscal policy and economic development. In many nations, poor budgeting practices and fiscal decisions exacerbate economic problems. Budgets are rarely managed successfully in practice. This can be for valid reasons, such as policy changes in response to changing economic conditions, or bad reasons, like mismanagement, poor budgeting, unlawful expenditure, inefficiency, or fraud (Nebraska, 2015).

Budget implementation should be checked on a regular basis to ensure that programs are implemented appropriately and that financial discrepancies are identified. Budgets were not

checked once they were approved, which posed a problem for users. In terms of initial planning, final approval, and future monitoring of execution, the efficient budget process should have been efficiently administrated (Weetman, 2006). Budget utilization, budget appropriation management rules and budget adjustments, other budget-related specific problems, and budget execution monitoring should all be delegated (Semachew, 2019).

Currently both the developed and developing countries are mainly focusing about budget management for the development and its existence. Thus, efficient utilization of government budget is the primarily focus for the achievement of intended goals and another aspects about effective utilization of budget are needed. Therefore, different levels of governments are concentrating to preparation and utilization of budget for the fulfilment of their requirements like recurrent and capital aspects. Moreover, most of the government policies that have the potential to make their difference levels of peoples' standard of living and sustainability of society cannot be achieved without efficient and effective utilization of government budget. Government assign high budget for health sectors, agriculture sectors and education sectors in Ethiopia.

In spite of this Ethiopia has problem with government expenditure budget use and value for money (MOFEC, 2018). Also weak public service delivery, serious corruption issues, a large budget deficit, a lack of transparency, and inefficient budget use are just a few of the difficulties that emerging nations like Ethiopia faced as well as regional bureaus and public organizations like Hawassa Town administration public organizations (Hawassa Town administration, 2022 G.C annual report).Also this annual report in weakness section identified that lack of skilled man power related to budgetary issues, lack of participation, inadequate use information technology, inflexibility of finance rules, lack of auditing, lack of monitoring activities and inadequacy management support were listed as a problem.

Different studies found budget utilization is affected by different factors. One of the recent studies conducted by (Ketema, 2015) revealed that there is no accountability in budget because, lack of adequate and experienced experts in the budget department.

Ashebir (2017) conducted on public expenditure management with an emphasis on resource utilization and revealed that developing nations are characterized by poor resource utilization and management. Moreover, the needs of citizens' development, quality service and growing

expenditure have become barrier in the need of more resource. As a result, poor expenditure management leads to ineffective resource utilization of scarce resources in the study area.

In addition to these Geletaw (2017) examined those determinants of budget control in public organization and exploiting opportunities, which factors had the most effect on budget management. Specifically, how budget planning process, management support, competent internal audit staff, organizational commitment, information and communication and cost reduction influence public organizations budget control were examined and answered which used to know the remedial action public organization take overcome lack of internal control.

Another study by Mulugeta (2017) on evaluation of public budget allocation practices in the case of BOFED of the SNNPRS. The author has mentioned in his study as focused to find out the solutions of some research problem that is participation and transparency in the budget allocation practices of SNNPRS, BOFED.

However, most of previous studies (listed above) focus on factors related to assessment of budget preparation and utilization and they are descriptive studies except one (Geletaw, 2017), so to fill this methodological gap there is a need to conduct additional by using descriptive and explanatory research designs in order to understand which predictor variable has significant effect on predicted variable in the study area. Therefore this study used both descriptive and explanatory design **and focused on** factors (staff competency, stakeholder's involvement, information technology, finance rules & regulations and auditing & monitoring) affecting effective utilization of public budget in selected public organizations in Hawassa Town Administration.

1.3 Objective of the study

1.3.1 General Objective

The main objective of the study was to investigate Factors Affecting Effective utilization of Public Budget in Selected Public Organizations in Hawassa Town Administration

1.3.2 Specific Objectives

The specific objectives of this study include;

- ✓ To examine the effect of staff competency on effective utilization of public budget in the study area
- ✓ To examine stakeholder's involvement on effective utilization of public budget in the study area
- ✓ To analyze the effect of information technology on effective utilization of public budget in the study area
- ✓ To analyze the effect of finance rules and regulations on effective utilization of public budget in the study area
- ✓ To identify the effect of auditing & monitoring on effective utilization of public budget in the study area

1.4 Research Hypotheses

The researcher develops the following alternative hypotheses which were tested;

Ha₁: Staff competency has statistically significant positive effect on effective utilization of public budget in the study area

Ha₂: Stakeholder's involvement has statistically significant positive effect on effective utilization of public budget

Ha₃: Information technology **application** has statistically significant positive effect on effective utilization of public budget

Ha₄: Finance rules and regulations have statistically significant positive effect on effective utilization of public budget

Ha₅: Auditing & monitoring have statistically significant positive effect on effective utilization of public budget

1.5 Significance of the Study

This study is expected to provide important information for all concerned bodies such as government, policy makers, and other institutions to exercise well-articulated to come up with a suitable and sound policy on budget preparation and utilization. Also, it will help to draw social, economic, and academic attention to selected public offices. In addition, the results provided information for conniving the relevant program and strategy for encouraging effective utilization of public budget in the study area.

Furthermore, this study is a supplement to important information that could improve other organizations understanding of the major factors affecting effective utilization of public budget. The findings from this research work will also help policy makers, in identifying the gaps related to budget management of public organizations. In addition to these, it serves as a bench mark to conduct deep and professional research on the research topic area and help as other researchers. Also the study helps to the researcher in order to gain deep knowledge on conducting research.

1.6 Scope of the Study

Geographical scope: this study was delimited to selected public offices (plan and development office, finance office, revenue collection office, agriculture offices, education office, and health office) in Hawassa Town administration.

Conceptual scope: since there are so many factors that could affect effective utilization of budget in general, this research addressed only five determinant factors namely staff competency, stakeholder's involvement, information technology, finance rules & regulations and auditing & monitoring as independent variable and effective utilization of budget as dependent variable.

Methodological scope: the study employed explanatory research design through both quantitative and qualitative data gathering approaches. In addition this study used both primary and secondary data from primary and secondary sources respectively. To analyze the quantitative data descriptive and inferential analysis were used.

Time scope: the study was conducted in the time period between March 2023 and February 2024G.C

1.7 Limitation of the study

The study focused on specific factors staff competency, stakeholder's involvement, information technology, finance rules & regulations and auditing & monitoring other variables that could impact on utilization of public budget may not have been considered in this study.

1.8 Ethical consideration

Ethical issues concerning research subjects are mainly privacy, anonymity, voluntary and informed consent (Kumar, 2005). The privacy of information obtained from the research respondents as well as the anonymity of the research subjects is respected. The participants participated voluntarily and at no one time they coerced. The anonymity of the respondents was adhered to as no personal information, such as names. In the study the researcher maintain objectivity, and professional standards through scientific process and no falsification, alteration or misrepresentation of data for biased or other purposes. Finally all reference materials for this study acknowledged with appropriate citation.

1.9 Organization of the paper

This study is organized into five chapters. The first chapter is introduction and it includes back ground, statement of the problem, the objective of the study, research hypothesis, significance, scope, ethical consideration and organization of the thesis. The second chapter is literature review and consist of the definition of terms, theoretical literature review, empirical literature review, and conceptual framework of the study. The third chapter is a research methodology that consists of research design, research approach, data types, sources and methods, sample and sampling techniques, methods of data analysis. The fourth chapter presents result, and discussion consists of descriptive analysis and econometric analysis. Finally chapter five consists of the major findings, conclusion and recommendations from the research findings.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.2. Conceptual Literature

2.2.1 Definitions and concepts of Budget

A budget is a quantifiable, planned course of action over a certain time period that includes expected inputs and input expenses, as well as outputs and output revenues. Procedural rules deal with how budgeting duties are carried out, whereas fiscal rules deal with the content of budget outcomes (Kojo and Enu, 2018). Every national government has budget systems in place that encompass the whole fiscal cycle. Also the authors state that over time, the procedures have become routine, and they are repeated year after year with minimal alteration. Budget procedures define the roles and duties of stakeholders in the process, as well as the way in which specific activities are accomplished, the information required, and the deadlines for acting.

According to Srithongrung et al. (2021) budget refers to plans and long-term and short-term goals that include all aspects of the business unit's operations in a specified period. A budget is a tool that determines the goal and direction of the organisation and will control the changes in the environment.

Operational budgeting is an annual plan in which the relationship between the allocated financial resources and the implementation results of each program is shown with quantifiable indicators (Bourmistrov and Kaarbøe 2017; Benalilesh 2020). The budget helps the organisation's managers to identify their unit's financial aspects and solve problems before they occur (Libby and Risks 2023; Bergmann et al. 2020). According to Yusuf (2020), the main goal of operational budgeting is to increase the efficiency of allocation and production in government payments.

According to Cuadrado-Ballesteros and Bisogno (2022), early in the development of budgeting, notions that were recognized as good practice outlined the basic procedures. The most important

principles were i) completeness (all revenue and expenditures should be included in the budget); ii) precision (transactions should be correctly recorded in the budget); iii) annularity (each budget should span a single fiscal year); iv) control system (public funds should be spent as authorized by law); and v) transparency (government funds should be spent as authorized by law) (the government should publish timely information on receipts and expenditures). The methods and concepts that support budgeting determine the proper procedure.

2.2.2 Functions of Budget

Budget has multiple functions such as: control of public resources, planning for the future, allocation of resources and management of resources.

In previous studies, including Bergmann et al. (2020) and Lorensius et al. (2021), the advantages of using operational budgeting have been mentioned, which include the following: i) Adding efficiency and effectiveness to other traditional budget functions; ii) focusing on “outputs and results” instead of “inputs and resources”; iii) establishing a clear connection between resources and the goods and services provided (the amount of consumption of resources in each of the outputs); iv) making it possible to analyse the cost of activities and outputs (goods and services) to reduce the cost of activities; v) converting budget documents into the necessary tools of economic planning and management; vi) management of organisational performance and promotion of management accounting tools; vii) calculation, identification, and comparison of services according to the actual cost of each service with similar items; viii) increasing the motivation of managers and employees to provide services at a lower cost and higher quantity and quality by distributing part of the benefits from the savings made; ix) proportioning the authority and responsibilities of managers; x) standardising services by identifying the best methods for providing services, promoting and generalising them, etc

The public budget planning is a process by which government sets the level of expenditure, collects revenues and allocates the spending of resources among all sectors to meet national goals (Shah, 2008).

Budget implementation on the other hand is the actual execution of the budget and application of funds to the planned activities. During the fiscal year, however, not all allocated budgets are used as per the proposed plan. These could be cases where the approved funds may not be enough to

fully accomplish the intended goal. In other instances, the amount allocated to a project may be more than what the project can consume. The disparities between the budget allocated and actual expenditure arise due to multiplicity of factors and improper costing of county functions (Rotich and Ngahu, 2015). The budget cycle needs to be tracked and at every stage the factors that could be affecting the utilization of the budget analyzed

2.2.3 Concept of budget preparation process

Though the techniques and details of preparing, reviewing, and approving budgets vary among companies there are five important areas of the budget preparation process. These are: planning, coordinating, directing, analyzing, and controlling. By adding one additional element other scholars in the area list six activities as steps of budgeting namely: setting objectives, analyzing available resources, negotiating to estimate budget component, coordinating and reviewing component, obtaining final approval and distributing the approved budget. But whatever the number of items in the list the important point here is that the budget process should be tailored to each entity's individual needs (Isaac, Lawal, & Okoli, 2015).

2.2.4 Budget preparation process in Ethiopian Context

In Ethiopia budget process is guided by a directive (financial calendar) issued by the ministry of Finance and Economy Development (MoFED) to all entities listed as public bodies. This directive has a schedule to make sure that planning and budgeting are prepared, approved, appropriated and executed so in line the pre-set development agendas (FDRE., 2009). Its preparation is often guided by a document known as the Macro- Economic and Fiscal Framework (MEFF) prepared by MoFED. The MEFF provides, among others, forecasts of government revenue and expenditure; expenditure financing, the division of total expenditure between federal and regional, and divide federal expenditures between recurrent and capital expenditures for the next three years which the program budget is planned for (MoFED, 2010). Furthermore, preparation of the budget usually takes many months and involves all public institutions: the Ministry of Finance manages the process; the Cabinet/President sets or approves the policy priorities, line ministries plan and advocate for their resource needs and the legislature reviews and approves the final plan. Preparation is at the heart of the political process: it is the decision on how to allocate the state's limited resources to competing demands (Abera., 2008)

2.2.5 Effective Budget Utilization

According to Nebraska (2015) an effective budget is a budget that leads an organization to meet both its short-term and long-term goals and obligations. An effective Budget Preparation Life Cycle includes; determining needs of community being served, to set up program/project goals and objectives, to decide strategy to accomplish the goals, to translate strategy into dollars, to prepare the budget, to set up Budget Control process, to compare budget to actual and to modify the budget for a realistic scenario (Nebraska, 2015). Effective management of the Budget is one of the critical aspects in determining the success of a government, a government unit, an organization and even County Government. The author also noted that the qualities of an effective budget are; it should be realistic, consistent with organizational objectives, cost effective and flexible.

Several reviews of Public Financial Management performance in developing countries show that countries score significantly better on budget preparation than on budget utilizing. Budget utilization is the phase where resources are used to implement policies incorporated in the budget. As they argued, it is possible to utilize badly a well-prepared budget; it is not possible to utilize well a badly prepared budget (Schiavo-Campo, 1999).

2.2.6 Factors affecting effective utilization of public budget

2.2.6.1 Participatory Budgeting /stakeholders involvement/

According to Zhang & Yang (2009), participatory budgeting refers to a situation in which government officials invite citizens' input during the budget process and allows citizens to influence budgetary decisions. Participatory budgeting reflects stakeholder participation in the budget process. Although stakeholder participation in general has drawn concerns about administrative costs and the representatives of participants (Robbins et al., 2008), there has been a continued advocacy for promoting stakeholder participation in different governmental practices, including the budgeting process. Such advocacy has been supported by empirical research.

Raghunandan et al (2012) posits that the success of controlling an organisation depend largely on the actions of top management and their gratitude of the importance of thorough interpersonal relationships between different levels of the hierarchy. The author further states that management accountants through the budget process can motivate employees and improve attitudes amongst

managers towards budgetary control. Involving all people in the budget process is necessary to ensure that budget implementation becomes a success.

One of studies has demonstrated that stakeholder participation can enhance the performance of public programs (Sirianni, 2009). It is also found that government's inclusion of public input can increase perceptions of procedural fairness among the public (Herian et al., 2012). Stakeholder participation in government has become a strategy advocated for better development and good governance, drawing wide attention from public administration scholars and practitioners (Nabatchi, 2012).

Stakeholder participation has ideally both normative benefits (such as citizenship and legitimacy) and instrumental benefits (such as better decisions, economic growth, and organizational performance (Yang and Pandey, 2011). As a means to effective decentralization, stakeholder participation improves service delivery by affecting its key determinants including allocative efficiency, accountability and reduction of corruption, equity, and quality of service and cost recovery (Robinson,2007).

2.2.6.2 Staff competency

Apiyo and Mburu (2014) define competency as “a capability, ability or an underlying characteristic of an individual which is casually related to effective or superior performance. It is a set of related but a different set of behaviour organized around an underlying construct, which we call the “intent”. The behaviours are alternate manifestations of the intent, as appropriate in various situations or times”. Competence is a cluster of related abilities, commitments, knowledge, and skills that enable a person (or an organization) to act efficiently in a job or situation. Competencies indicate sufficiency of knowledge and skills that enable someone to act in a wide variety of situations (Aketch and Karanja, 2013).

Manpower shortages have remained the bane of effective project planning and implementation in the local government areas. Professional and trained planners are virtually non-existent while administrative officers performing planning functions lack any form of training and experience.

The result of this scenario is the poor quality of project proposals emanating from the LGAs for screening and assessment. The double jeopardy here is that not only is plan formulation poor but also that continuity is not ensured (Oladipo, 2008).

Capacity and decision making Councillors' do not always formulate strategies or make decisions that improve the ability of the local authority to deliver services to the residents of the areas for which they are responsible. This has been attributed to the lack of capacity, interest, incentive and motivation to do so. Additionally, decisions are sometimes made informally or casually hence it is very difficult for citizens to have a clear understanding of the standing procedures of service delivery (Odipo, 2005).

2.2.6.3 Top management support

Cheruiyot (2013) explained that "top management support is the willingness and commitment of top executives on budget preparation and utilization." Similar author noted that top management support is prominent factor that determines the lean point between likely achievements and malfunction when formulating and implementing budget plan, other management scheme and methods. Additionally, the level of top management support differs from time to time due to different organizational events such as turnover in the top management. Top management support is highly established by the company's stakeholders such as board of directors, shareholders and employees. "top management commitment is vital to shift efforts in the budget utilization. Top management commitment is crucial to adopt and incorporate new techniques and management tools will facilitate the initialization of the scheme and its subsequent implementation.

According to Desalegn and Yismaw (2014), budget department have a close relationship with organizations management in their day to day activity. They need good support and perception from their management to use budget allocated wisely for the achievement of organizational objectives. Management support is expressed in terms supporting the budgeting control by fulfilling the necessary resource, finance, training, new technology and other facilities that facilitate the work of controlling budget through encouraging auditor of the organization.

Mohammed and Asfaw (2014) suggests that management in various organizations should put in place measures to solve the budgetary practice such as enhancing better understanding of budgetary control techniques, their behaviour and institutional dynamics among the staff, developing strong financial integration with performance management, quarterly revision of financial plan to redirect resources at frequent intervals and better engagement between organizational leaders, managers and finance staff with proper timing of the financial plan. However, many companies make use of budgets mainly as an internal control tool for efficient and effective resource allocation. Thus, the budgeting practice is very important to any organizations; it helps management to enhance proper financial management and project implementation (Yesuf, 2015). To enhance the quality of budget practice, it is mandatory to make sure that the required finance is obtained on time and the existing financial resources should be utilized properly in organizations.

2.2.6.4 Information technology

Information Technology is a technology that involves use of computers, software and internet connections infrastructure for supporting information processing and communication functions (Crompton, 2007).

Today, technology is ubiquitous. Advances in technology occur every moment, and IT is playing a greater role in organizations and how they perform. IT refers to the use of computers, telecommunications and storage to create, store, secure, process and disseminate electronic information (Drnevich and Croson, 2013; Karimi *et al.*, 2007). Today, a business strategy must be digital and use IT as a driver for doing business (Ross *et al.*, 2017).

According to Khawan (2019) IT is one of the key elements that contribute to making the work environment stable and improving the quality of services and productivity. The IT is one of the main elements that contribute to making the organization stable internally and externally. This depends on the quality of the IT used, the extent to which it can be used properly, the presence of people or an integrated organizational unit in a technical field that oversees all the services procedures and technical systems of the organization.

The role of technology is to facilitate the implementation of the strategies of the organization, Information technology has become a key element that contributes to the efficiency of the

performance of any organization, whether on the level of manpower, services and production (Khawan,2019).“For an organization to gain competitive advantage it must use technology to gather information on market demands and exchange it between organizations for the purpose of enhancing the service quality (Seth, 2005).

Then information and communication refers to the process of identifying, capturing, and communicating of relevant information in an appropriate manner and within timeframe in order to accomplish the financial reporting objectives of the organization (Theofanis et al. 2011).

The lack of information hindered transparency and the enforcement of accountability in government, and only contributed to the perceived governance problems in many of the countries. In light of these adverse developments, it was perhaps not surprising that many developing countries pressed for, or have been pressed into, adopting financial management information system (FMIS) projects to strengthen their PEM systems(Diamond and Khemani, 2012).

According to Mohd (2020) in Ethiopia context, currently the government uses Integrated Budget and Expenditures system (*IBEX*) for tracking revenues and expenditures of all federal and regional budgetary institutions. This *IBEX* system capture the accounts module records the financial transactions of the budgetary institutions and their aggregated monthly accounting reports and provides accounting reports for ledgers, financial statements, management reports, transactions, expenditures, and revenues. Further, at federal level MoFED has been consolidating the budget and accounting data for the entire country. This allows for the generation of regional and national consolidated report. Hence, this study also, evaluate whether the existing *IBEX* enhance budgeting and financial management, the extent to which the information system provide, timely quality and adequate information, and the adequacy of computers for undertaking budgeting and financial management practices. In this regard, the researcher assumes that well-functioning *IBEX* has a positive effect on implementing budgeting practices effectiveness.

2.2.6.5 Monitoring and auditing

Monitoring activity is one of the components of internal control which is systems of policies and procedures that protect the assets of an organization create reliable financial reporting, promote compliance with laws and regulations and achieve effective and efficient operations. These systems are not only related to accounting and reporting for monitoring but also relate to the organization's communication externally, and include procedures for: processes, internally and handling funds received and expended by the organization, preparing appropriate and timely financial reporting to board members and officers, conducting the annual audit of the organization's financial statements, evaluating staff and programs, and maintaining inventory records of real and personal property (Mengesha and Raman, 2014).

The most important characteristic of the budget is continuous monitoring by monitoring its performance and the effects on the performance of the budget, to determine the parts that have differences between what is planned and the actual performance (Gunawan et al. 2020).

According to Tommasi (2004), budgetary control is a use of comprehensive system of budgeting to aid management in carrying out its functions of planning, coordinating, and controlling operations. A budgetary control is one of the important tools of control. The institute defines budgetary control as "the establishment of budgets relating to the responsibilities of executives to the requirements of a policy, and the continuous comparison of actual with budgeted results, either to secure by individual action the objectives of that policy or to provide a firm basis for its revision." Budgetary control of revenue to establish accountability for revenue and permit budgetary control, actual revenues should be recognized in the general ledger accounts of governmental funds credits to the revenue account (offset by debits to receivable accounts for revenues that are accrued or debits to cash for revenue recognized when received in cash). The general ledger revenues accounts is a control account supported by revenues subsidiary ledger accounts kept in exactly the same detail as kept for the estimated revenues subsidiary ledger accounts.

2.2.6.6 Finance rules and regulations

According to Newcomer (1999) budgeting policy and procedures are the foundation of the discipline of Budgeting. Large Corporation usually have voluminous budgeting manual that is

constantly updated. Medium sized companies are less formal but have written procedures and small companies are usually producing a written set of instruction for each budgeting process.

In Ethiopia, budgets that are prepared at the Federal, regional, Woreda and urban administrations levels based on government policies and priorities. They should set out objectives and targets and present the required resources to achieve the desired outcomes in the budget year (MOFEC, 2009).

According to MOFEC (2009) Ethiopia has a dual budgeting system in which recurrent and capital expenditure are considered separately. Until recently these two budgets were prepared separately by the Ministry of Finance and the Ministry of Economic Development and Cooperation, respectively. In October 2001, these two ministries were merged to form the Ministry of Finance and Economic Development. The new ministry determines budget ceilings for federal ministries and agencies and for the regions. In doing so, it takes stock of the performance of the economy for the previous year and makes economic projections for the following year in terms of growth, revenue, and so on.

The MoFEC does this in consultation with other state agencies, such as the National Bank of Ethiopia and the Central Statistical Authority. At the federal level the amount to be allocated to recurrent and capital expenditure is determined by government priorities, ongoing projects, non-discriminatory expenditure and institutional capacity.(Ramaswami, 2005) At the federal level, the first stage of the budget process is to produce an estimate of total expected government revenue. This estimate is produced by the MoFEC in consultation with the National Bank of Ethiopia. This macro framework is then reviewed and approved by the Prime Minister's Office. Based on the above information, expenditure budgets are then allocated to the regional and federal governments and are divided into budgets for recurrent and capital expenditure. As part of this process, the Ministry of Finance determines an overall budget ceiling, which is the basis for the submission of budget proposals to each ministry. Once budget proposals have been prepared, negotiated and reviewed by the Ministry of Finance, they are submitted to the Council of Ministers. After the Council of Ministers review the proposals and make their recommendations, the budget proposals are submitted to the Council of People's Representatives for approval. After they have been approved, the Ministry of Finance announces the budgets for each ministry for the next financial year (MOFEC, 2009)

2.3. Theories related to the study

This research was guided by stakeholders' theory, accounting theory and resource based theory,

2.3.1 Stakeholder Theory

Stakeholder theory refers to organizational governance and business ethics. Stakeholders include groups that are primed to an organization's survival and success (Freeman, 2002). The main groups of stakeholders are: customers, employees, community, suppliers, distributors and shareholders. In addition, other groups and individuals are considered as stakeholders: founders, competitors, trade union representatives, creditors, government, and policy makers (Freeman & Miles, 2006). Moreover Beer & Eisenstat (2000) state that managers can enhance commitment with involvement and integration of workers starting from a lower level. This creates a kind of ownership of the new strategy for which, in return, commitment is increased. Hence, the study chose this theory to meet the objective which is to examine the effect of stakeholders' involvement on effective management of budget in the study area.

2.3.2 The Accounting theory of Budget

Among the theories three of them are mostly used to explain issues of budget utilization and control these are: the accounting theory of budget, the budget control theory and the budgetary control and business behaviour theory (which is a management accounting theory.) According to (Kaplan and Norton, 1996) cited in Kerosi (2018) the accounting theory aims at the provision of a coherent set of logical principles that form the general frame of reference for evaluation and development of sound policy development and accounting practices. The justification behind developing and using the accounting theory in budget related matters is the strong belief among its proponents that the theory helps in explaining and guiding management actions into identifying and locating vital information for use in budget preparation (Horvath and Seiter, 2009).

In this regard the accounting money measurement technique has contributed greatly in providing yardstick for quantifying, conversion and translating various inputs in relation to materials, and machines required in the preparation of budget. There are also other variables that indicate the strong relationship between accounting theory and budgeting. It's under the accounting theory that financial standards can be set to guide a firm towards achieving its financial goals in turn budgeting provides a feedback mechanism to the management of an

organization on how well financial assets are managed as determined by the match between the plans and the actual status upon implementation of budgets (Kerosi, 2018). In this study the researcher will apply this theory in order to examine the effect of monitoring and auditing on effective budget management of the case organizations.

2.3.3 Resource Based Theory

The focus of resource-based theory is on the relationship between firm resources and firm performance. With reference to the resource based view (RBV), competition anchors on the capabilities and resources that exist in an organization or that which an organization might intend to develop in order to attain sustainable advantage (Henry, 2008). Organizational capabilities are compared to the shared skills and abilities in an organization to plan, organize, lead, coordinate and control explicit activities. Organizational resources can take a tangible nature such as physical resources, financial resources and human resource (Henry, 2008). Henry (2008) stresses that RBV emphasizes on organization's inner capabilities in developing strategy to accomplish both superior performance and sustainability in service delivery. Capabilities based view invites the question of its association to performance in strategic management theory, the linkage between organizational capabilities and performance (Teece, 2007). Pavlou and Sawy (2010), postulate that dynamic capabilities are put across as the ability to integrate, construct and reconfigure both internal and external capabilities to tackle swiftly altering environments.

Recent developments in the resource based view (RBV) suggest that capabilities are important contributor to strategy implementation (Tippins & Sohi, 2003). According to resource-based views, firms perform well and create value when they implement strategies that exploit their internal resources and capabilities. Hence, the researcher uses this theory for how information technology and staff competency affect effective public budget management in the study area

2.4 Empirical Literature Review

Samuel (2022) examined the factors affecting the effectiveness of government expenditure budget management in the case of Ethiopia's Ministry of Finance. The study employed a descriptive survey research design using quantitative and qualitative methods. Closed-ended questionnaires were collected from MOF staff. The study used stratified and purposive sampling techniques. The information was then quantitatively analyzed with Pearson's correlation,

multiple linear regression analysis, and descriptive statistics using SPSS 23 versions. In Ethiopia's ministry of finance, the researcher found that there is a significant positive relationship between laws and regulations, budget expert competency, and integrated financial management information systems with budget expenditure management. Finally the study recommended that the Ministry of Finance should provide training on government budget management, public financial management, and government accounting systems to budget specialists and legislative organs of public accounts standing committees.

Kassahun and Ram (2021) assessed the effectiveness of budgeting and budgetary control in case of Hawassa University. Data were collected through questionnaire from seventy five budget holder. The data collected from different unit were analyzed using percentage analysis method, to see the effectiveness of budgeting and budgetary control. Based on source analysis and findings, the researcher assessed the effectiveness of budgeting and budgetary control. The study revealed that Hawassa University set up budget guideline in 2000 E.C. The principle serves as a benchmark to control expenditures of budget holders and create sense of institutional budget perception. It is also believed that rules and regulations contribute to the success of the desired objectives. But, they do not ensure efficiency and effectiveness of budget utilization unless the responsible budget holders show commitments and sense of accountability. Nevertheless, the intentions of the institution are somehow impaired by poor practices of some budget users. The researcher concluded that even if MoFEC issued budget guideline, the concerned body did not move to enforce the practicability of the rule, unavailability of adequate and experienced manpower has added for the worsening results of plan and budget preparations disparities and lack of awareness of budget users about the role of plan and budget to the institution.

Geleta, Mohd and Shagufta (2020) investigated on factors that affect budget practice effectiveness in the Assosa Zone finances offices. From the total population of 659, (Watson 2001) formula was used to determine sample of 248 respondents from management teams, the internal and external auditors, budget experts, finance officers, tax and planning experts of the selected public organization were the sources for the required data to the researcher through the questionnaires administered and interview. The SPSS version 32.0 was used to analyze the data using descriptive statistics, including mean, standard deviation and logistic regression used to analyze inferential output. For this study, five independent variables were identified including

budgeting process, employee motivation, accounting reporting, monitoring activities, information and communication. The dependent variable is degree of budget practice effectiveness which was measured under binary logistic regression. According to the logistic regression output, all the explanatory variables were contributing for the budget practice effectiveness in the public sector significantly and positively. The odd ratios of all independent variables are greater than one to infinity except budgeting process which indicates the event is more likely to happen in the comparator and the predictors explain the outcomes. All of these five independent variables are making 62% of the contributions for budget practice effectiveness in the public organization. Finally the study recommended that public organizations should understand the contributions of these five variables collectively significant and their odd ratio were greater than one to infinity indicate the relationship type between those predictors and the outcomes and add values for the budget practice in the public organizations.

Tsige (2019) investigated a study on factors that affect the budget preparation and utilization in Ministry of Finance. Specifically the study focused on identifying the existing condition of plan & budget integration, budget preparation, budget utilization & controlling and performing of internal audit, primary and secondary are used to collect data. Data were presented into tables and charts for easy analysis and discussion of findings, the study findings indicated that budget preparation problems leads to budget utilization problem and it end up with providing feedback for the necessary corrective measures the study concluded that in order to enhance the performance of the ministry there must be properly integrated budget and plan and also properly implement and controlling the budget through encouraging the internal controls and audit performance of the approved budget.

Mwai, and Shavulimo (2017) found effective budget management was affected by lack of staff capacity, poor participation, poor governance, inadequate investments in various systems and structures, inappropriate use of financial regulations, lack of proper prioritization of expenditure, lack of proper mechanisms and channels to collect revenue hence not achieving the organizational targets and leading stakeholders not to realize value for their money

A study by Egbunike & Unamma (2017) is one of the studies conducted in other parts of the world. This study attempted to find out whether there was any significant relationship between

budgeting, budgetary control and performance evaluation particularly in the hospitality firms in Nigeria.

Furthermore Geletaw (2017) studied those determinants of budget control in public organization and exploiting opportunities which factors had the most effect on budget control. Specifically, how budget planning process, management support, competent internal audit staff, organizational commitment, information and communication and cost reduction influence public organizations budget control were examined and answered which used to know the remedial action public organization take overcome lack of internal control.

Another study by Mulugeta (2017) on assessment of public budget allocation practices in the case of BOFED of the SNNPRS. The author has mentioned in his study as focused to find out the solutions of some research problem that is participation and transparency in the budget allocation practices of SNNPRS, BOFED.

Andrew, Albert and Ngoze (2016) conducted a study on the effect of Budgetary Control on Financial Performance in Public Institutions of Higher Learning in Western Kenya using descriptive survey design with objective of investigating the effect of Budgetary control on financial performance in public institutions. The study revealed that budgetary control has a statistically significant effect on financial performance in public institutions of Higher Learning in Western Kenya.

Kathangu (2016) conducted a study on the effect of budget utilization on the performance of county governments a case study of eastern Kenya region. " the study used structured questionnaires and approved audit reports as key sources of data and descriptive statistics to analyze the collected data. The study found that in joint budget utilization including the budget county expenditure to the budgeted county revenues, actual county expenditures to actual county revenues and county resources to county poverty index had positively influenced the financial performance of the counties.

Dereje (2016) has also found that organizational structure induced factors such as lack of effective budget monitoring, lack of a decentralized budget administration system, absence of clear hierarchy in the administration of budgets, structural relationship between different department and lack of effective communication are some of the main factors that affect public

budget utilization in Ethiopia. Studies showed that in public expenditure management, a lack of predictability of financial resources undermines strategic prioritization and makes it harder for public officials to plan for the provision of services. Predictability of government expenditure in the aggregate and in the various sectors is also a challenge to guide the private sector in making its own production, marketing, and investment decisions. Budgetary rules not clear and uniformly applied to everyone. Transparency of fiscal and financial information is another problem for an informed executive, legislature, and public. Scholars show that dumping immense amounts of raw budgetary material on the public does nothing to improve fiscal transparency (Lewis, 2007).

Ashebir (2016) conducted on public expenditure management with an emphasis on resource utilization. The author as identified the statement of the problem, developing nations are characterized by poor resource utilization. Moreover, the needs of citizens' development, quality service and growing expenditure have become barrier in the need of more resource. As a result, poor expenditure management leads to ineffective resource utilization of scarce resources in the study area.

Charles (2015) after conducting a research on kericho County government in Kenya suggested that there exist a moderately strong Negative and statistically significant relationship between inflation and budget utilization .Charles Kip sang, in addition to the factor Inflation rate he assessed, showed as inflation rate increases, budgetary estimation at the county government will decrease. This is because inflation leads to high budget errors and unemployment. Lastly, unexplained increase in price of VAT added goods will affect the real value of money in the county government as such his findings revealed that there existed a positive and statistically significant relationship between tax compliance and budget utilization, a weak negative correlation was observed between VAT policy and budget utilization (Rotich, 2015).

Ketema (2015) examined the assessment of budget preparation and utilization in case of Addis Ababa City Administration Health Bureau and revealed that there is no accountability in budget because, lack of adequate and experienced expert in the budget department.

Nyageng'o (2014) conducted a study to identify factors to effective budget implementation among local authorities in Kenya. The results of the study discovered that effective budgetary control improved performance of local government organizations.

Abshiro (2014) states strong system of internal control is very essential in achieving certain goals of an organization. Internal control includes all the procedures and actions taken by an organization in order to manage the expiating assets, ensure conformity with organizations policy and governmental rules, evaluate operating efficiency and ensure precise and reliable operating data and accounting records.

Nyaguthii and Oyugi (2013) carried out a study that sought to determine the extent to which involvement of community on identifying, implementation, monitoring and evaluation of community-based projects affects the successful implementation of CDF projects in Kenya. No doubt that the top-down approach in management of CDF funds has not been successful. Donors call for a people-centred approach in managing local developments in developing countries, as supported by related literature. Descriptive research was used to guide the study. Both primary and secondary data were used, and descriptive statistics guided data analysis. The researcher revealed that, most of residents do not participate in management of CDF projects, leading to failure in implementation. In conclusion, community members, whether influential or not, should be involved in identification, implementation, monitoring and evaluation of the CDF projects to boost success.

2.5. Literature Gap

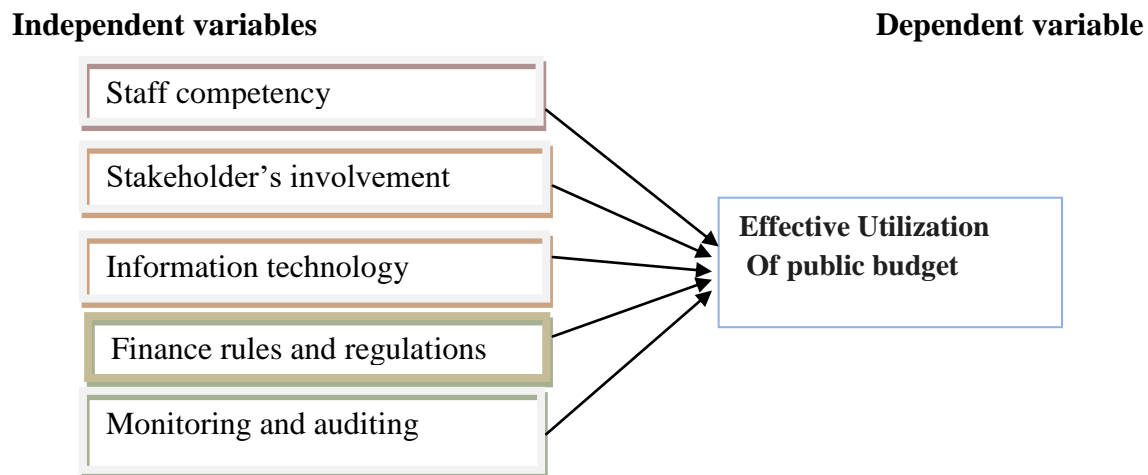
From the review of past research, most studies have concentrated on budget preparation, practice, transparency and accountability, and budget implementation in the public sectors, but as best of the researcher knowledge, little studies are conducted on identification of factors affecting effective management of budget in Ethiopia in general, at, Hawassa city in particular.

As the researcher reviews other investigators previous finding in Ethiopia, there are variables that are still failed to incorporate on their research like staff competency and information technology. On other hand, no research has done to evaluate factors affecting effective utilization of public budget in Hawassa Town administration at selected public organizations.

2.6 Conceptual framework

This section presents conceptual framework of the study which consists five independent variables namely staff competency, stakeholder's involvement, information technology, finance rules & regulations and auditing & monitoring and one dependent variable (effective utilization of public budget).

Figure 2.1 Conceptual Framework



Source: Researcher (2023)

CHAPTER THREE

3. RESEARCH METHODOLOGY

This chapter deals with description of study area, the research approach, research design, sources of data, sampling design, target population, sample size determination, sampling technique, tools of data collection, validity of the data, methods of analysis and ethical considerations. Hence, the researcher used different research methodologies throughout the research report.

3.1 Description of the Study Area

Geographical Location: Hawassa city is one of agglomerating urban-centers in the Sidama National Regional State. It is located in the Great Rift Valley region; 275 km South of Addis Ababa via Debre Zeit and 1125 km North of Nairobi. Geographically it lays between 7°3' latitude North and 38°28' longitude East. It is bounded by the lake in the West, Oromia Region in the North, Wondo genet woreda in the East and Shebedino Woreda in the South. Hawassa has a total area of 157.2 sq.km divided into Eight(8) sub cities and 32 Kebeles, These Eight sub cities are Hayek Dare, Menahariya, Tabor, Misrak, Bahile Adarash, Addis Ketema, Mehalketema and Hawela Tula sub city.

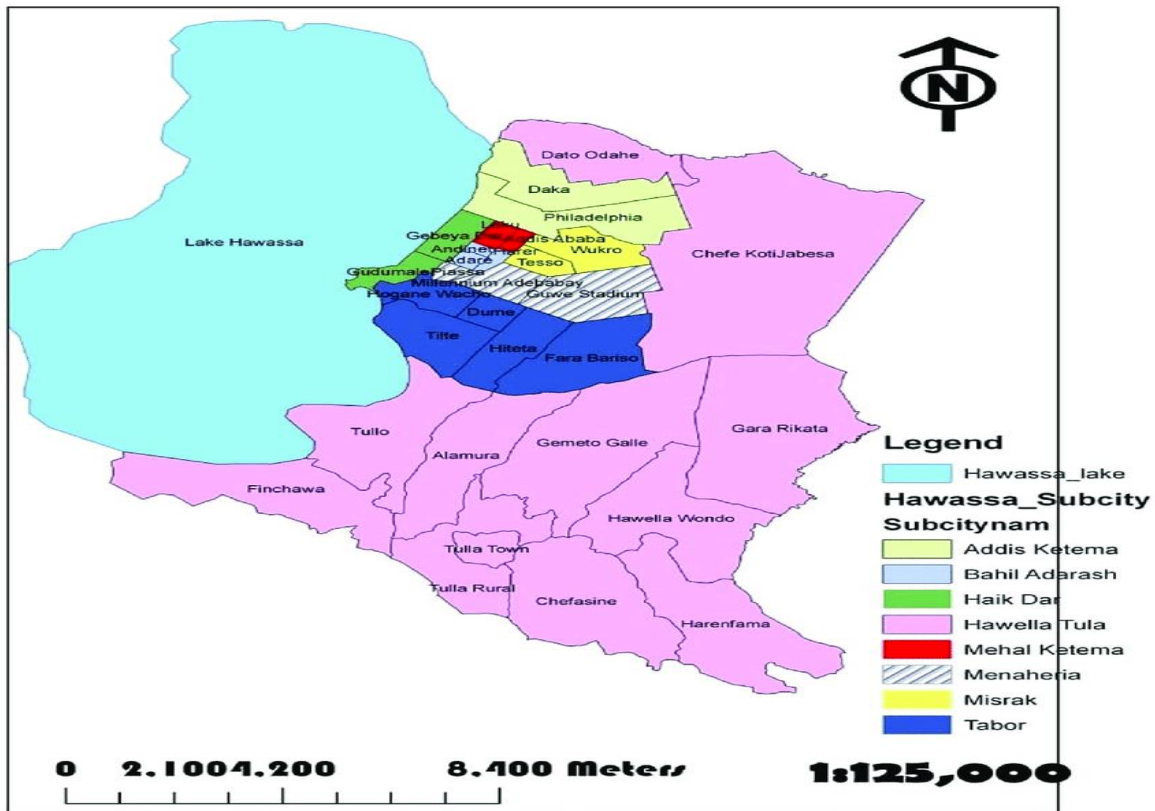
Climate and Topography: the mean annual precipitation is 933.4 mm. Temperatures vary between 5°C in winter and 34 °C in summer. The city experiences sub humid-called 'Woyina Dega' type of climate. It has the highest and lowest temperature of 34⁰c and 3oc respectively. The average annual temperature is 20.3oc.

Population and Livelihood: According to SIWI Report (2020) about 403025 Population were living in Hawassa City.

Touristic resources: Hawassa is endowed with natural, cultural and historical tourism resources. Within the city, Lake Hawassa and its surrounding, Gudumale recreational area, monuments of Smuda and Woldeamanuel, Loke Palace, Mount Alamura and Tabor are the major tourism attractions. Of which Lake Hawassa is the most visited resource which many agreed that it is the

main contributor for urban development in Hawassa. This lake is top attraction site for both international and domestic tourists in the city. Except service such as boating and hospitality services, entrance is free. There are three ways where visitors can enter freely and have experience on the lake: Fikir Haik, Amora Gedel and through resorts. Tourist and residents have been usually enjoying the sun set and rise from the lake at the early morning and late afternoon. Lake Hawassa comprises Small Island called Teha Goda Island, which located at center of the northern direction of the lake. This island is home to many aquatic birds whereby ornithologist can spot different species of birds. The lake is rich in aquatic birds and hippopotamus. Hence, tourist can spot and watch hippos and birds respectively (Ermias, 2015).

Figure 3.1: Map of study area



Source: Hawassa City Administration, 2023

3.2 Research Design

According to Creswell, (2014) a research design refers to a plan, structure, or an outline that produces answers to research questions. In this research descriptive research design was used for

analyzing the level of practice of five independent variables namely staff competency, stakeholder's involvement, information technology, finance rules & regulations and auditing & monitoring and one dependent variable (effective utilization of public budget) in Selected Public Organizations at Hawassa Town Administration. To determine the effect of these (five) selected predictors on effective utilization of public budget in the case of selected public organizations explanatory research design was employed. Because explanatory research is useful for studying relations between causes and effects. Hence it is deemed to use both descriptive and explanatory research design.

3.3 Research Approach

In order to obtain valid and reliable data for the study mixed (quantitative and qualitative approaches) was used. Because, the advantage of using mixed methods is that it enables to triangulate and support the data and result collected by questionnaire. According to Gibson (2017), the use of both qualitative and quantitative approach is used to eliminate the weakness of one approach by being complimented by another approach.

3.4 Sample design

3.4.1 Target population of the study

Population is consisting of Villages, Institutions, Plants, and Records (AAUGP, 2009). The whole set of the universe from which a sample taken is called the population (Saunders et al, 2007). There are twenty seven public organizations under Hawassa Town administration of Sidama National Regional state. However, for study six public offices under Hawassa City Administration namely plan and development office, finance office, revenue collection office, agriculture offices, education office, and health office were selected purposely due to their roles and these offices manage a large amount of public budget. Also the target population of the study was all permanent employees of selected sectors who are working in budget and plan preparation directorate, finance administration directorate and internal audit directorate in the selected offices. According to Hawassa Town administration 2022 annual report the number of employees (experts and team leaders) working in the selected departments are 138. Hence, the population of the study was 138 employees. In addition to this 6 selected office leaders were selected for interview.

3.4.2 Sampling technique

Due to their formal and informal contribution for the study, the followings participants selected as respondents through using probability and non-probability techniques. As the study explained it clearly, the populations working in selected departments were 138; the study was census method. Thus all 138 respondents were selected as a sample size. It could be known that in such a census inquiry, all budget and plan preparation directorate, finance administration directorate and internal audit department experts and team leaders were covered; no element of chance is left. As a result, it helps to obtain highest accuracy. In addition to this six selected office leaders were selected for interview.

Table 3.1: The number of respondents in each the selected organizations of selected departments

S/ No	Name of the sector	Ni	Number of participants
1	Plan And Development Office	22	22
2	Finance Office	25	25
3	Revenue Collection Office	23	23
4	Agriculture Offices	21	21
5	Education Office	24	24
6	Health Office	23	23
Total		138	138

Source: Hawassa Town administration 2022 G.C annual report

3.5 Source of Data

To attain the stated objectives, data were collected from both primary and secondary sources

3.5.1 Primary sources

The primary sources of data were collected from experts and team leaders in the selected offices and departments by using a structured questionnaire. The structured questionnaire were designed in such a way that it help the investigators to dig out detailed information on respondents' demographic, social, behavioural, economic characteristics and level of practice of each selected variables namely staff competency, stakeholder's involvement, information technology, finance rules & regulations and auditing & monitoring in Selected Public Organizations at Hawassa Town Administration. Furthermore, personal interview was conducted from leaders of selected offices using semi-structured interview.

3.5.2 Secondary sources

Secondary data were gathered from published and unpublished documents from necessary institutions and websites to generate additional information on practice of study variables. In this regard, the secondary sources of data were **annual reports related to the** study topic were used in order to strengthen the primary data of study variables

3.6 Data Collection Instruments

This study used questionnaires as its main research instrument and key informant interviews as supplementary instrument.

Questionnaire: this study mainly intended to carry out using quantitative data. Quantitative data of selected Factors Affecting Effective utilization of Public Budget in Selected Public Organizations in Hawassa Town Administration attributes were collected through close-ended questionnaire. The researcher favoured to use questionnaires because large amounts of information can be collected from a large number of people in a short period of time in a relatively cost of an effective way. The questions enabled the participants to express their opinion on the implementation of selected variables (staff competency, stakeholder's involvement, information technology, finance rules & regulations and auditing & monitoring) in the case selected public offices. Questionnaires prepared by reviewing literature related to the objectives of the study and contained three parts such as respondents' demographic profile, determinants factors that affect effective utilization of public budget. Data were systematically categorized in order to easily understand and express their feelings 5- point Likert scale namely (1) Strongly Disagree, (2) Disagree, (3) Neutral, (4) Agree and (5) Strongly Agree used to understand respondents degree of agreement with each statement. Because, the Likert scale is used since they are very flexible and can be constructed more easily than most other types of attitude scales.

Interviews: this study employed semi-structured face to face interviews to capture information about the implementation of selected variables (staff competency, stakeholder's involvement, information technology, finance rules & regulations and auditing & monitoring) in the case selected public offices. The study employed an interview guide that was face to face and the results will be manually recorded using pen and paper. The researcher preferred to use interview

guides because they are useful for obtaining detailed information about feelings, perceptions and opinions. Then respondents' words were recorded.

3.7 Operational definition and measurements of variables

Staff competency: ability of leaders or employees to prepare budget, utilize in effective manner and capacity, interest and motivation to lead budget in proper way. The items were measured on a 5-point Likert scale ranging from “strongly disagree” to “strongly agree”

Stakeholders' involvement; refers to a situation in which government leaders/officials/ invite citizens' input during the budget process and allows citizens to influence budgetary decisions in the study area. The items were measured on a 5-point Likert scale ranging from “strongly disagree” to “strongly agree”

Information technology: refers to the process of identifying, capturing, and communicating of relevant information in an appropriate manner and within timeframe in order to accomplish the financial reporting objectives of the organization through IT devices. The items were measured on a 5-point Likert scale ranging from “strongly disagree” to “strongly agree”

Finance rules and regulations: refers to current active manuals and procedures which deal ways of public budget preparation & utilization. The items were measured on a 5-point Likert scale ranging from “strongly disagree” to “strongly agree”

Auditing and monitoring: It is one of the components of internal control which is systems of policies and procedures that protect the assets of an organization create reliable financial reporting. The items were measured on a 5-point Likert scale ranging from “strongly disagree” to “strongly agree”

Effective Budget utilization: refers to the ability of study organization to use its budget effectively or not. According to Samuel (2022) the most important principles budgeting were I) completeness (all revenue and expenditures should be included in the budget); ii) precision (transactions should be correctly recorded in the budget); iii) annularity (each budget should span a single fiscal year); iv) control system (public funds should be spent as authorized by law); and v) transparency (government funds should be spent as authorized by law) (the government

should publish timely information on receipts and expenditures). In order to decide whether the organizations effectively utilize their budget or not the study considered following criteria for effective budget utilization such as completeness, precision, annularity, control system and transparency.

Table 3.2: Measurements of study variables

S.No	Variable name	Source	Measurement	Expected result	Remark
Y	Effective Budget utilization	Leech et al., (2005)	Dummy variable; it will be measured 0;for not effectively utilize 1 for effectively utilize	Not applicable	
X1	Staff competency	Dharmanegara et al (2016); Wairima and Nasieku (2019); Samuel (2022)	It will be measured on a 5-point Likert scale	Positive effect	
X2	Stakeholders' involvement	(Muammar et al 2015)	It will be measured on a 5-point Likert scale	Positive effect	
X3	Information technology	(Diamond and Khemani, 2006);Mesfin (2019); Samuel (2022)	It will be measured on a 5-point Likert scale	Positive effect	
X4	Finance rules and regulations	Dinkinesh (2019); Mesfin (2019); Samuel (2022)	It will be measured on a 5-point Likert scale	Positive effect	
X5	Auditing and monitoring	Wairima and Nasieku (2019); Dinkinesh (2019)	It will be measured on a 5-point Likert scale	Positive effect	

Source: Compiled by the researcher, 2023 based on earlier studies

3.8 Validity and Reliability of Instruments

3.8.1 Validity

The most critical criterion and shows the degree to which an instrument measures what it is supposed to measure. For this study to validate the instruments the researcher was ruled out

whether there are ambiguous and poorly organized questions along with the instruments used to ascertain their validity and sustainability, by amending as per the respondents understanding in collecting the required data. The advisor examined all items one by one and will provide feedback and guidance on the questionnaire particulars that may be amended.

3.8.2 Reliability

Reliability is essentially about consistency. That is, if we measure something many times and the result is always the same, then we can say that our measurement instrument is reliable (Adams et al., 2007). Cronbach’s alpha coefficient is the most frequently used index of reliability and the most common way to assess reliability. An alpha score of higher than 0.70 acceptable it is a standard. Hence, this study tested reliability of instruments by picking 14 employees of the study area. As shown in table 3.3 the Cronbach’s Alpha value of staff competency, stakeholder’s involvement, information technology, Finance rules & regulations and auditing & monitoring were 0.820, 0.883, 0.813, 0.896 and 0.843 respectively. All these results showed that the study variables had good reliability status and revealed internally consistent.

Table 3.3 Reliability test

Study Variables	Number of items	Cronbach’s Alpha value	Status of reliability
Staff competency	5	0.820	Good
Stakeholder’s involvement	5	0.883	Good
Information technology	5	0.813	Good
Finance rules & regulations	5	0.896	Good
Auditing & monitoring	5	0.843	Good
Over all reliability	25	0.860	Good

Source: (Own survey data, 2023)

3.9 Method of Data Analysis

After the collection of the required data proper tools and techniques were used for classification and analysis of data. Data analysis usually involves reducing accumulated data to a manageable size, developing summaries, looking for patterns, and applying statistical techniques (Gibson, 2017). The data collected from respondents were analyzed using quantitative data analysis techniques including descriptive and inferential analysis.

3.9.1 Descriptive Analysis

Descriptive statistical analysis such as mean, standard deviation and frequency were used to analyze the data that were collected from respondents in the survey in relation to their attitudes, knowledge, and opinions toward study variables such as staff competency, stakeholder's involvement, information technology, finance rules & regulations and auditing & monitoring).

3.9.2 Econometric analysis

In order to analyze the relationship between predictors and predicted variable Spearman correlation analysis was used.

To analyses, the underlying factors determining effective utilization of public budget binary logistic regression model was employed. Binary logistic regression selected for this particular study as it is easier to interpret and provides odds ratios, which is lacking in probit and other models. Logistic regression model used when the dependent variable is a dichotomy and the independent variables are of any type (Leech et al., 2005). Suppose Y is the dependent variable, it can take either value of 1(one) or 0(zero) depending on the effectiveness of budget utilization. For example, Y may represent effectively utilize as **1** and not effectively utilize as **0**. Where X is independent variables, which were assumed to affect the probability of effective budget utilization or affects the outcome of Y. Mathematically; it is explained as following;

Y_i=1 if effectively utilize

Y_i=0 other wise or not effectively utilize

Therefore, the logistic regression model for estimating the probability of effective budget utilization (P_i) is specified as follows;

$$\Pr(Y_i=1) = P_i = \frac{1}{1+e^{Z_i}} \dots\dots\dots(2)$$

Similarly, probability of not effectively use

$$\Pr(Y=0) = 1-P_i = \frac{1}{1+e^{Z_i}} \dots\dots\dots(3)$$

When dividing equation one by equation two, it gives odd ratio:

$$\frac{P}{1-P_i} = e^{Z_i} \dots\dots\dots(4)$$

Logit model is the logarithm transformation of odd ratio

$$L_i = \ln\left(\frac{P_i}{1-P_i}\right) = \alpha + \beta_1 X_1 + \beta_2 X_2 \dots\dots\dots \beta_k X_k + \epsilon_i \dots\dots\dots(5)$$

where L_i = is the log of the odds ratio;

e =is the base of natural logarithms;

α =is a constant;

$X_1, X_2, \dots\dots\dots X_k$ are explanatory variables;

$\beta_1, \beta_2, \dots\dots \beta_k$ are estimated parameters corresponding to each explanatory variable;

k =is number of explanatory variables; and

ϵ_i =is the random error.

In addition the data gathered from interview were analyzed in narrative way.

Before executing the econometric model, all the hypothesized explanatory variables will be checked for the existence of multicollinearity problem. The problem of multicollinearity may arise due to a linear relationship among explanatory variables. Multicollinearity problem might cause the estimated regression coefficients to have wrong signs, smaller t-ratios for many of the variables in the regression and high R^2 value. Besides, it causes large variance and standard error with a wide confidence interval. Hence, it is quite difficult to estimate accurately the effect of each variable (Gujarati, 2003).

3.9.4 Data Analysis Tools

The above descriptive and inferential analyses were conducted with the help of software called Statistical package for the social science (SPSS) V-25 and Stata 14 to run the logit model. Data collected through interview was analyzed using narratives and description form.

CHAPTER FOUR

RESULT AND DISCUSSION

This chapter presents descriptive and inferential analysis of factors affecting effective utilization of Public Budget in Selected Public Organizations in Hawassa Town Administration. It includes different sections like demographic characteristics of respondents, descriptive analysis of staff competency, stakeholder's involvement, information technology, finance rules & regulations and auditing & monitoring as independent variable and effective public budget utilization as dependent variable with appropriate interpretation. It also presents Spearman correlation between independent and dependent variables, assumptions of binary logistic regression model, and results of binary logistic regression. Out of 138 distributed questionnaires 132 questionnaires were correctly filled and returned. This accounts to a response rate of 95.65% and adequate to analyze the data.

4.1 Demographic Characteristics of Respondents

Table 4.1: Background of respondents

Item	Dimension	Frequency	Percent
Gender	Male	77	58.3
	Female	55	41.7
	Total	132	100.0
Education	Diploma	5	3.8
	1st degree	97	73.5
	Masters	29	22.0
	PhD	1	.8
	Total	132	100.0
Job position	Expert	104	78.8

	Team leader	15	11.4
	Department director	13	9.8
	Total	132	100.0
Department	Budget and plan preparation	48	36.4
	Finance administration directorate	40	30.3
	Internal audit department	44	33.3
	Total	132	100.0

Source: (Own survey, 2023)

As shown in Table 4.1, male respondents were 77 (58.3%) while female respondents were represented by 55(41.7%) of the total respondents. This indicated that the respondents are dominated by male.

As per the data collected out of 132 respondents, the most (73.5%) of them are first degree holders, followed by master degree holders (22%), and then diploma graduates (3.8%). The remaining 0.8% was PhD holder. The result showed that most of the respondents are first degree and master degree holders. They responded properly since they understand the objective of the questionnaire easily.

As regard to their job position, most respondents (78.8%) of the respondent were Technical experts, while 11.4% of them were team leaders. The rest 9.8% were department directors. This implies that all respondents have adequate information about budgeting process of their organization.

Regarding to their directorate the most (36.4%) of them are working in Budget and plan preparation directorate, followed by internal audit department 33.3% and then Finance administration directorate 30.3%.This implies that all respondents had accurate information on budget utilization practice of their organization, as a result it increase its reliability.

Table 4.2: Age level and work experience of respondents

Variable	Observation	Mean	Std. Dev.	Min	Max
Age level	132	38.5606	7.10366	28	55

work experience	132	9.1439	3.72967	4	24
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Source: (Own survey, 2023)

Table 4.2 shows that, the average age of respondents is around 39 years and it ranges from 28 to 55 years. The results showed that majority of respondents were adults. Thus, they can support the organization adequately.

In the same table, the average work experience is around 9 years and it ranges from 4 to 24 years. This result showed that most of respondents were good work experience.

4.2 Descriptive Analysis of study variables

To assess the level of practice of effective budget utilization determinants namely staff competency, stakeholder’s involvement, information technology, finance rules & regulations and auditing & monitoring in selected public organizations at Hawassa City Administration the respondents were requested to give their level of agreement to statements with regard to the five independent variables in a five point Likert-scale ranging from 1 being strongly disagree to 5 strongly agree. Then their responses were analyzed with descriptive statistics of mean score, standard deviation, and percentage. According Best (1977) a five point Likert scale responses range from 1 strongly disagree, 2 disagree, 3 neutral, 4 agree, and 5 strongly agree the mean score from [1-1.8] is the lowest, from [1.81 -2.61] is low, from [2.62-3.41] is moderate, from [3.42-4.21] is high, and from [4.22-5] is considered very high. Hence the researcher used this rule of thumb in order to interpret responses and the detail of the result is presented as follows:

4.2.1 Staff competency

This sub-section presents the description of the independent variable staff competency based on five items in the study area. Respondents then rated their level of agreement for each item. The data is summarized and presented in Table 4.3.

Table 4.3: Staff competency

Items	Level of agreement in percent					N	Mean	SD
	SD	DA	N	A	SA			
The organization has put in place a policy that all staff should be capacity built through trainings to enhance their budget skills	1.5	39.4	26.5	30.3	2.3	132	2.92	.921
The organization has invested heavily on staff training to enhance budget skills to ensure effective management of the budget	.8	41.7	16.7	35.6	5.3	132	3.03	1.010
Employees have adequate knowledge and experience in implementing allocated budget in line with budget utilization policy	1.5	38.6	26.5	31.1	2.3	132	2.94	.922
Finance directorate leaders have adequate public finance knowledge & skill to manage public fund	1.5	40.2	25.8	31.1	1.5	132	2.91	.911
The organization has adequate number of professionals who prepare and manage the budget	.8	44.7	17.4	31.8	5.3	132	2.96	1.006
Aggregate mean							2.95	0.954

Source: (Own survey, 2023)

As shown in Table 4.3, the aggregate mean of all items of staff competency in the study area indicate 2.95 with standard deviation **0.954**, which lies between the mean range of [2.62-3.41] and it falls in the moderate mean section. This implies large proportion 40.9% (39.4% and 1.5%) of respondents disagreed on the statement that the organization has put in place a policy that all staff should be capacity built through trainings to enhance their budget skills, while 32.6% of them agreed on the item. The rest 26.5% responded neutral.

Concerning to item 2 a majority, with 42.5% (41.7% and 0.8%) respondents disagreed on the statement the organization has invested heavily on staff training to enhance budget skills to ensure effective management of the budget, while 40.9% (35.6% and 5.3%) of them responded agree. The rest 16.7% of them were neutral.

The statement employees have adequate knowledge and experience in implementing allocated budget in line with budget utilization policy was not supported by majority (40.1%) of respondents, while 33.4% of them were agreed. The remaining 26.5% of them were neutral.

Also item 4 of the same table majority 41.7% (40.2% and 1.5%) of respondents responded that Finance directorate leaders haven't adequate public finance knowledge & skill to manage public fund, while 32.6% of them believed that they have adequate public finance knowledge & skill. The rest 25.8% of them responded neutral.

Furthermore in the same table of item 5, majority 45.5% (44.7% and 0.8%) of respondents believed that their organization had not adequate number of professionals who prepare and manage the budget, while 37.1% of them responded agree on the item. The rest 17.4% were being neutral.

Furthermore, interview was conducted with six leaders of public organizations in Hawassa City Administration such as plan and development office, finance office, revenue collection office, agriculture offices, education office, and health office in order to collect qualitative data. Their response showed that “a number of employees and directors working in budgetary activities have inadequate knowledge and experience in implementing allocated budget in line with budget utilization policy”.

4.2.2 Stakeholder’s involvement

This sub-section presents the description of the independent variable stakeholder’s involvement based on five items in the study area. Respondents then rated their level of agreement for each item. The data is summarized and presented in Table 4.4.

Table 4.4: Stakeholder’s involvement

Items	Level of agreement in percent					N	Mean	SD
	SD	DA	N	A	SA			
All employs of the department are participated on budget preparation of your department	5.3	47.7	15.9	27.3	3.8	132	2.76	1.032
Citizen participation in the budgeting process has been encouraged by the top management to strengthen and empower citizens in the administration	3.8	46.2	19.7	28.0	2.3	132	2.78	.973
There is full involvement of the line managers in planning and budgeting process	6.8	31.8	28.0	26.5	6.8	132	2.94	1.065
In my organization there is sufficient involvement of all concerned bodies during the budget plan preparation	3.8	47.7	22.0	24.2	2.3	132	2.73	.947
Citizen participation in the organization has led to improve public service delivery and increase trust of citizens in the organization	3.8	42.4	17.4	34.1	2.3	132	2.88	1.001
Aggregate mean							2.82	1.003

Source: (Own survey, 2023)

As shown in Table 4.4, the aggregate mean of all items of **stakeholder’s involvement** in the study area indicate 2.82 with standard deviation **1.003**, which lies between the mean range of [2.62-3.41] and it falls in the moderate mean section. This implies large proportion 53% (47.7%

and 5.3%) of respondents responded disagree on the statement that all employees of the department are participated on budget preparation of their department, while 31.1% (27.3% and 3.8%) of them responded agree on the item. The rest 15.9% responded neutral.

Regarding to item 2 a majority, with 50% (46.2% and 3.8%) respondents disagreed on the statement Citizen Participation in the budgeting process has been encouraged by the top management to strengthen and empower citizens in the administration, while 30.3% of them responded agree. The rest 19.7% of them were neutral.

Item 3 indicates that a considerable majority of respondents, with 38.6% (31.8% & 6.8%) respondents, believed that there is no full involvement of the line managers in planning and budgeting process in the study area. Furthermore item 4 indicates that a substantial majority of respondents, with 51.1% (47.7% and 3.8%) respondents responded disagree that the statement there there is sufficient involvement of all concerned bodies during the budget plan preparation.

In addition in the same table of item 5, majority 46.2% (42.4% and 3.8%) of respondents believed that lack of citizen participation in the organization has led to poor public service delivery and decrease trust of citizens in the organization.

Furthermore, interview was conducted with six leaders of public organizations in Hawassa City Administration such as plan and development office, finance office, revenue collection office, agriculture offices, education office, and health office in order to collect qualitative data. Their response showed that “ *a number of directors did not involve all concerned bodies during the budget plan preparation and citizen participation in the budgeting process has not been encouraged by the top management due to lack of commitment*”.

4.2.3 Information technology

This sub-section presents the description of the independent variable information technology based on five items in the study area. Respondents then rated their level of agreement for each item. The data is summarized and presented in Table 4.5.

Table 4.5: Information technology

Items	Level of agreement in percent					N	Mean	SD
	SD	DA	N	A	SA			
ICT activities in your organization is aligned with budgeting process	2.3	34.8	19.7	34.1	9.1	132	3.13	1.065
The organization has invested in computerization to be able to adopt financial management and information systems in budget formulation, execution and accounting	6.1	37.1	18.9	31.8	6.1	132	2.94	1.086
The organization has enhanced budgetary support in training staff on the application of financial management and information systems	3.8	37.9	20.5	31.1	6.8	132	2.99	1.059
The organization prepares and executes the budget by utilizing the IFMIS system	5.3	37.1	19.7	31.8	6.1	132	2.96	1.072
Financial performance is communicated frequently through IT	4.5	37.1	21.2	22.7	14.4	132	3.05	1.167
Aggregate mean							3.014	1.089

Source: (Own survey, 2023)

As shown in Table 4.5, the aggregate mean of all items of **information technology** in the study area indicate 3.014 with standard deviation **1.089**, which lies between the mean range of [2.62-3.41] and it falls in the moderate mean section. This implies large proportion 43.2% (34.1% and 9.1%) of respondents responded agree on the statement that ICT activities in their organization is

aligned with budgeting process, while 37.1% of them responded disagree on the item. The rest 19.7% were being neutral.

Item 2 indicates that a large proportion of respondents, with 43.2% (37.1% & 6.1%) respondents, believed that their organizations have not invested in computerization to be able to adopt financial management and information systems in budget formulation, execution and accounting, while 37.9% of them believed their organization invested on IFMIS. The rest 18.9% of them were neutral on the item.

Concerning to item 3 majority, with 41.7% (37.9% and 3.8%) respondents disagreed on the statement the organization has enhanced budgetary support in training staff on the application of financial management and information systems. Also item 4 of the same table indicate overall 42.4% of respondents believed that the organizations do not prepare and execute the budget by utilizing the IFMIS system.

Finally item 5 of the same table revealed that 41.6% of respondents disagreed on Financial performance is communicated frequently through IT in the study organizations.

These results suggest that most respondents believed that ICT activities in public organizations are partially aligned with budgeting process. On the other hand most study organizations haven't invested in computerization to be able to adopt financial management and information systems in budget formulation, execution and accounting, the organizations have not enhanced budgetary support in training staff on the application of FMIS, the organizations did not properly prepare and execute the budget by utilizing the IFMIS system and Financial performance is not properly communicated frequently through IT.

Furthermore, interview was conducted with six leaders of public organizations in Hawassa City Administration such as plan and development office, finance office, revenue collection office, agriculture offices, education office, and health office in order to collect qualitative data. Their response showed that “most public organizations in the town administration did not properly support their budgeting process through information technology, and they haven't adequate computer and trained man power on budget issues”.

4.2.4 Finance rules and regulations

This sub-section presents the description of the independent variable finance rules and regulations based on five items in the study area. Respondents then rated their level of agreement for each item. The data is summarized and presented in Table 4.6.

Table 4.6: Finance rules and regulations

Items	Level of agreement in percent					N	Mean	SD
	SD	DA	N	A	SA			
The organization manages the budget according to the constitution and the supporting regulations	5.3	29.5	25.0	34.1	6.1	132	3.06	1.046
The budget policy of the administration is supportive to all the budget utilization cases arising in the organization	5.9	32.0	25.0	31.8	5.3	132	2.99	1.037
Every budget allocation is as per the policy requirements of the sectors	5.3	30.3	25.0	33.3	6.1	132	3.05	1.047
The budget utilization related policies are well implemented in the organization	5.3	33.3	22.0	34.8	4.5	132	3.00	1.041
The top management in the organization supports and understands the importance of effective management of the budget and in accordance with the law	4.5	30.1	25.8	32.6	6.8	132	3.06	1.053
Aggregate mean							3.03	1.045

Source: (Own survey, 2023)

As shown in Table 4.6, the aggregate mean of all items of finance rules and regulations in the study area indicate 3.03 with standard deviation **1.045**, which lies between the mean range of [2.62-3.41] and it falls in the moderate mean section. This implies large proportion (40.2%) of respondents agreed on the organization manages the budget according to the constitution and the supporting regulations. Also overall 39.4 % (33.3% & 6.1%) of respondents supported that every budget allocation is as per the policy requirements of the sectors. Furthermore, a large proportion, with 39.4% of respondents believed that the top management in the organization support and understand the importance of effective management of the budget and in accordance with the law. On the other hand large proportion overall (37.1%) of respondents responded that the budget policy of the administration is not well supportive to all the budget utilization cases arising in the organization. Also 38.6% of respondents believed that the budget utilization related policies are not well implemented in the study organizations.

These results suggest that most respondents believed that practice of finance rules and regulations are at the medium level. This indicates that the study organizations did not fully follow budgeting principles.

Furthermore, responses from interview of six leaders of public organizations at Hawassa City Administration said that “they tried to follow finance rules and regulations during budget utilization, but still few rules are not well respected due to inflexibility and rigidity of the rules. They added that few directorates in their organization violated budgeting principles during utilization of their budget”.

4.2.5 Auditing & monitoring

This sub-section presents the description of the independent variable auditing and monitoring based on five items in the study area. Respondents then rated their level of agreement for each item. The data is summarized and presented in Table 4.7.

Table 4.7: Auditing & monitoring

Items	Level of agreement in percent					N	Mean	SD
	SD	DA	N	A	SA			

Internal auditors of my organization properly monitor and evaluate budget utilization of each directorate	4.5	33.3	15.2	39.4	7.6	132	3.12	1.098
There is effective evaluation of each Budget activities in my organization	7.6	40.2	12.9	35.6	3.8	132	2.87	1.098
Budget utilization is always audited based on full documents and evidences of the office	7.6	31.1	19.7	31.1	10.6	132	3.06	1.164
The financial statement of my organization is audited regularly by an independent auditor	4.5	37.1	15.9	36.4	6.1	132	3.02	1.080
Internal and external auditors give on time feedback about budget utilization to the responsible bodies	4.5	39.4	15.2	36.4	4.5	132	2.97	1.062
Aggregate mean							3.01	1.100

Source: (Own survey, 2023)

As revealed in Table 4.7, the aggregate mean of all items of **auditing & monitoring** in the study area indicate 3.01 with standard deviation **1.100**, which lies between the mean range of [2.62-3.41] and it falls in the moderate mean section. This implies large proportion 47% (39.4% & 7.6%) of respondents agreed on the statement internal auditors of their organization properly monitor and evaluate budget utilization of each directorate. In addition overall 41.7% (31.1% & 10.6%) of respondents supported that budget utilization is always audited based on full documents and evidences of the office. Similarly overall 40.9% (36.4% and 6.1%) respondents believed that the financial statement of their organization is audited regularly by an independent auditor.

On the other hand large proportion overall 47.8% (40.2% & 7.6%) of respondents responded that there is ineffective evaluation of each Budget activities in my organization. Also a large proportion, with 43.9% of respondents believed that internal and external auditors did not give on time feedback about budget utilization to the responsible bodies.

Furthermore, responses from interview of six leaders of public organizations at Hawassa City Administration said that “*internal auditors of their organization properly monitor and evaluate*

budget utilization of each directorate and they give feedback about budget utilization to the responsible body, but the activity is not done in consistent manner. However, there was a limitation in taking corrective actions based on audit findings.”

4.2.6 Effective utilization of public budget

This sub-section presents the description of the dependent variable effective utilization of public budget in the study area. In order to decide whether the organizations effectively utilize their budget or not the study considered following criteria for effective budget utilization such as completeness, precision, annularity, control system and transparency

. Since the variable was dummy variable; it was measured 0; for not effectively utilize and 1 for effectively utilize. The data is summarized and presented in Table 4.8.

Table 4.8: Effective utilization of public budget

Variable	Category	Frequency	Percent
Budget utilization	Not effectively utilize	53	40.2
	Effectively utilize	79	59.8
	Total	132	100.0

Source: (Own survey, 2023)

As shown in Table 4.8, most respondents with, 79 (59.8%) of respondents responded that public organizations effectively utilize their budget, while 53 (40.2%) of them believed that the study public organizations do not utilize their budget effectively. This result suggest that majority of public offices used their budget effectively according to views of respondents in the study area. Also this indicate that numbers of public organizations faced limitations on

4.4 Inferential Analysis

4.4.1 Correlation Analysis

Spearman correlation was computed; because of categorical data. Interpretations are based on Joe et al., (2011) way of determining the strength of the relationship. Accordingly, if $r = 0.01$ up to 0.09 the strength of correlation said to be negligible association; if $r = 0.10$ up to 0.29 low association; if $r = 0.30$ up to 0.49 moderate/medium association; if $r = 0.50$ up to 0.69 substantial association and if $r = 0.70$ and above very strong association.

Table 4.9 Spearman's rho correlations analysis result

Variables		Competency	Involvement	Information	Finance	Auditing	Utilization
Competency	Correlation Coefficient	1.000					
	Sig. (2-tailed)	.					
	N	132					
Involvement	Correlation Coefficient	.446**	1.000				
	Sig. (2-tailed)	.000	.				
	N	132	132				
Information	Correlation Coefficient	.396**	.247**	1.000			
	Sig. (2-tailed)	.000	.004	.			
	N	132	132	132			

Finance	Correlation Coefficient	.418**	.492**	.326**	1.000		
	Sig. (2-tailed)	.000	.000	.000	.		
	N	132	132	132	132		
Auditing	Correlation Coefficient	.432**	.379**	.349**	.467**	1.000	
	Sig. (2-tailed)	.000	.000	.000	.000	.	
	N	132	132	132	132	132	
Utilization	Correlation Coefficient	.549**	.484**	.444**	.543**	.535**	1.000
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.
	N	132	132	132	132	132	132

** . Correlation is significant at the 0.01 level (2-tailed).

Source: (Own survey, 2023)

From the Spearman correlation analysis result on table 4.9 above, staff competency is positively related to effective utilization of public budget in selected public organizations in Hawassa Town Administration ($r=.549$). The correlation value shows the relationship between staff competency and effective budget utilization is substantial association at 1% significant level. Also finance rule and regulation is positively related to budget utilization effectiveness with ($r=.543$). The correlation value shows that the relationship between finance rule and regulation and budget utilization effectiveness is substantial association. In addition auditing & monitoring is positively related to budget utilization effectiveness with ($r=.535$). The correlation value shows that the relationship between auditing & monitoring and effective utilization of public budget is substantial association in the study area.

Furthermore, the study revealed that stakeholders involvement and information technology are positively related to budget utilization with ($r=.484$ and $r=.444$ respectively). The correlation values show that the relationship between stakeholders involvement and information technology with budget utilization effectiveness is moderate association.

From spearman correlation analysis result, five independent variables such as accessibility of competent staff, good involvement of stakeholders in budget preparation process, clear & adequate information, proper application of finance rules, and proper usage of auditing activities have a positive and substantial relationship with the dependent variable of effective budget

utilization of public sectors in Hawassa City Administration and correlation is significant at the 1% levels.

4.4.2 Binary Logistic Regression Analysis

Under this study it is important to carry out a statistical analysis which would incorporate more than one predictor variable at a time. The regression analysis method adopted in this study is binary logistic regression, which would allow the identification of the effect of each of the selected predictor variables on effectiveness utilization of public budget.

4.4.2.1 Testing and Examining the Goodness of Fit of the Model

Multi co-linearity test: it indicates the existence of an association between two or more of explanatory variables, this association level might be nil that can be ignored or high that significantly affects the estimation of the parameters. According to Gujarati (2003) if Multi-co-linearity is perfect, the regression coefficients of the independent variables are undetermined and their standard errors are immeasurable. If Multi-co-linearity is less than perfect, the regression coefficients, although determinate, possess large standard errors, which mean the coefficients cannot be estimated with great precision or accuracy. The author also suggests that a serious problem for Multi-co-linearity is occurs if the correlation is about 0.8 or larger. The Multi-co-linearity of the explanatory variables are below 0.50 and it can be confident to say there is no

significant Multi co-linearity since any of them are not above the conventional 0.80 (see correlation matrix table 4.9 above). The variance inflation factor (VIF) and Tolerance also was used to test the degree of multi co-linearity among the independent variables for continuous variables. As shown in table 4.10, all the tested variable were found to be VIF of less than 10 and Tolerance value above 0.1 indicating no multi co-linearity problem because according to the rule of thumb a VIF greater than 10 and Tolerance less than 0.1 indicates trouble.

Table 4.10: Multi-collinearity test

Study variables	Collinearity Statistics	
	Tolerance	VIF
Staff competency	.696	1.438
Stakeholder's involvement	.733	1.365
Information technology	.787	1.270
Finance rules & regulations	.650	1.538
Auditing & monitoring	.684	1.462

Source: (Own survey, 2023)

Table 4.11: Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	84.17	5	.000
	Block	84.17	5	.000
	Model	84.17	5	.000

Source: (Own survey, 2023)

Table 4.11 above shows that when all five predictor variables are considered together, they significantly predict the effective utilization of budget at $\chi^2 = 84.17$, $df = 5$, $N = 132$, $p < .05$. The table labeled variables not in the equation tell us that the residual chi-square statistic is 84.166

which is significant at $p (.000) < 0.05$ (it labels this statistic overall statics). In other words, the addition of one or more these variables to the model will significantly affect its predictive power. If the probability for the residual chi-square had been greater 0.05 it would mean that forcing the entire variable excluded from the model **or** in to the model would not have made a significant contribution to its predictive power.

Table 4.12: Test of Significance of Hosmer-Lemeshow Goodness of Fit Statistics

Step	Chi-square	Df	Sig.
1	11.023	8	.200

Source: (Own survey, 2023)

As shown Table 4.12 Hosmer-Lemeshow test suggesting that the model was fit to the data well at statistics χ^2 , 11.023 & p value of .200 which is ($p > .05$) which means that the data fit the model adequately. The better model fit, is indicated by a smaller difference in the observed and predicted classification and we conclude that the model is a good fit.

Pseudo-R-squared (R^2): The conventional measure of goodness of fit, R^2 , is not particularly meaningful in binary logistic regression models. But measures similar to R^2 , called pseudo R^2 are available Gujarati (2004).

4.5.2. Factors Affecting Effective utilization of Public Budget

The binary logit model was used to estimate factors affecting effective utilization of public budget in the study area. Among five explanatory variables, all of them (five) variables were found to be significant in determining probability of effective utilization of public budget. All these results are discussed as follows;

Table 4.13: Results of binary logistic regression model

Variables	Coef.	Std. Err.	Z	P>z	Odd ratio	Marginal effect
Staff competency (SC)	.9612	.3827	2.54	0.011	2.615	0.2077

Stakeholder's involvement (SI)	.8498	.4046	2.09	0.037	2.339	.1837
Information technology (IT)	.8358	.3561	2.36	0.018	2.307	.1806
Finance rules & regulations (FR)	.7655	.3257	2.36	0.018	2.150	.1654
Auditing & monitoring (AM)	.8094	.3477	2.31	0.021	2.247	.1749
Constant	-11.746	2.0973	-5.60	0.000	.000	
Number of obs=132 LR chi2(5)=84.17 Prob > chi2=0.0000 Log likelihood =-46.834985 Pseudo R2=0.4733						

Source: (Own survey, 2023)

Based on the above table 4.13, the β values are the logistic coefficients that can be used to create a predictive equation (similar to the beta values in linear regression). By applying all coefficients to the logistic regression model, we obtain the following predicted full model:

Logit model is the logarithm transformation of odd ratio;

$$Li = \ln\left(\frac{Pi}{1 - Pi}\right) = \alpha + \beta_1X_1 + \beta_2X_2 \dots \dots \dots \beta_kX_k + \epsilon_i \dots \dots \dots (5)$$

where Li = is the log of the odds ratio;

Or probability of effective utilization of public budget

α =is a constant;, $X_1, X_2, \dots \dots \dots X_k$ are explanatory variables;

$\beta_1, \beta_2, \dots \dots \beta_k$ are estimated parameters corresponding to each explanatory variable;

k =is number of explanatory variables; and ϵ_i =is the random error.

$$Li = \beta_0 + \beta_1SI + \beta_2IT + \beta_3FR + \beta_4AM + e$$

$$= -11.746 + 0.961SC + 0.850SI + 0.836IT + 0.766FR + 0.809AM$$

Staff competency (SC): table 4.13 shows a statistical significance of positive relationship between staff competency and effective utilization of public budget at 5% significance level. The marginal effect of the variable staff competency is 0.2077, which shows the probability of effective utilization of public budget increases by 20.77 percent for those public organizations which had an adequate competent staff as compared to those public organizations that did not have an adequate competent staff, all other factors kept constant. **This indicates the availability of staff competency positively affects effective utilization of public budget. According to Aketch and Karanja (2013) sufficiency of knowledge and skill that enable someone to act in a wide variety of situations.** In this case availability of adequate and skilled man power in budgetary system improve budgetary practice effectiveness. Hence the stated hypothesis (Ha1) which states Staff competency has statistically significant positive effect on effective utilization of public budget is accepted. This result is found to be similar to the findings of Geletaw (2017) revealed competent internal audit staff has significant contribution on efficient budget control.

Stakeholder's involvement (SI): there is statistical significance of positive relationship between Stakeholder's involvement and effective utilization of public budget at 5% significance level. The marginal effect of (0.1837) shows the probability of effective utilization of public budget increases by 18.37 percent for those public organizations which involve stakeholder's during budgeting process than that did not participate stakeholder's, all other factors kept constant. **According to Ndiwalana (2009) the act of participation increases a subordinate's trust, sense of control, and ego involvement with the organization which then jointly cause less resistance to change and more acceptance of, and commitment to, the budget goals. Thus, budget participation exerts a motivational effect on the subordinates which enhances their budget goal commitment.** Therefore, the process in a budget preparation, approval, implementation, and review stages needs participation of various stakeholders in order to improve budget utilization. The alternative hypothesis (Ha2) is accepted and consistent with the finding of Mwai, and Shavulimo(2017) found effective budget management was affected by poor participation, of stakeholders.

Information technology (IT): there is statistical significance of positive relationship between information technology and effective utilization of public budget at 5% significance level. The use of information technology can help public organizations to improve their budget utilization

effectiveness. The marginal effect of (0.1806) shows the probability of effective utilization of public budget increases by 18.06 percent for those public organizations which have access to usage of information technology than that did not have access to use information technology, all other factors kept constant. According to Diamond and Khemani (2012) the lack of using information technology hindered transparency and the enforcement of accountability in government, and only contributed to the perceived governance problems in many of the countries. To minimize the problem many developing countries including Ethiopia pressed for, or have been pressed into, adopting financial management information system (FMIS) projects to strengthen their performance management systems. Hence, proper usage of IT in budgetary practice improve effective utilization of public budget. The alternative hypothesis (Ha3) which was stated as positive and significant relationship exists between information technology and effective utilization of public budget is accepted. This is in line with a study conducted by Mohd (2020) found well-functioning IBEX has a positive effect on implementing budgeting practices effectiveness. Similarly Khawan, (2019) revealed information technology has become a key element that contributes to the efficiency of the performance of any organization, whether on the level of manpower, services and production

Finance rules & regulations (FR): It is found to be positively and significantly affecting effective utilization of public budget at 5% significance level. The marginal effect (.1654) indicates that the probability of effective utilization of public budget of public organizations increases by 16.54 percent for those public organizations which properly apply finance rules & regulations related to budgeting than for those organizations did not properly apply finance rules & regulations, all other factors kept constant. As noted by (Yimer, 2011) budgeting policy and procedures are the foundations of the discipline of budgeting. Every public organization in Ethiopia implements their budget based on these budget policy and procedures. This helps to organizations to use their budget effectively.

Thus, the alternative hypothesis (Ha4) which was stated as positive and significant relationship exists between finance rules & regulations and effective utilization of public budget is accepted. This is in line with a study conducted by Samuel (2022) found that finance laws and regulations have significant contribution on budget utilization.

Auditing & monitoring (AM): table 4.13 shows a statistical significance of positive relationship between auditing & monitoring and effective utilization of public budget at 5% significance level. The marginal effect of (0.1749) shows the probability of effective utilization of public budget of public organizations increases by 17.49 percent for those public organizations which properly audit & monitor their budget than for those organizations did not properly audit & monitor their budget, all other factors kept constant. According to Gunawan et al. (2020) the most important characteristic of the budget is continuous monitoring by monitoring its performance and the effects on the performance of the budget, to determine the parts that have differences between what is planned and the actual performance. When organizations monitor and evaluate their budget performance continuously, it helps to use their resource efficiently in order to achieve their strategic organizational goals. The stated hypothesis of positive relationship exists between auditing & monitoring and effective utilization of public budget is accepted. This result is found to be similar to the findings of Tsige (2019) controlling the budget through encouraging the internal controls and auditing has significant effect on budget preparation and utilization in Ministry of Finance. Also Geleta, Mohd and Shagufta (2020) revealed accounting reporting and monitoring activities had significant effect on budget utilization.

4.5.3 Summary of Hypothesis testing

In this part the hypotheses which were formulated earlier in chapter one were tested as follows;

Table 4.14: Tested hypothesis

No	Tested hypotheses	p>z or p-value of predictors at 5% of significant level	Results of finding
Ha1	Staff competency has statistically significant positive effect on effective utilization of public budget in the study area	$p = .011$	Accepted
Ha2	Stakeholder's involvement has statistically significant positive effect on effective utilization of public budget	$p = .037$	Accepted
Ha3	Information technology has statistically significant positive effect on effective utilization of public budget	$p = .018$	Accepted
Ha4	Finance rules and regulations have statistically significant positive effect on effective utilization of public budget	$p = .018$	Accepted
Ha5	Auditing & monitoring have statistically significant positive effect on effective utilization of public budget	$p = .021$	Accepted

Source: (Own survey, 2023)

As shown Table 4.14 above the p-value of staff competency, stakeholder's involvement, Information technology, finance rules and regulations, and auditing & monitoring were 0.011, 0.037, 0.018, 0.018 and 0.021 respectively and the significance level for these variables were less than 0.05 at 5% of significant level. These results showed that five variables namely staff competency, stakeholder's involvement, Information technology, finance rules and regulations, and auditing & monitoring had statistical significant positive effect on effective utilization of public budget in selected public offices at Hawassa City Administration. Therefore the formulated hypotheses (Ha1, Ha2, Ha3, Ha4 and Ha5) are accepted or supported. These results are in line with previous studies conducted by Samuel (2022); Mohd (2020); Khawan, (2019); Tsige (2019); Geletaw (2017); Mwai, and Shavulimo(2017) revealed these facts

CHAPTER FIVE

5. SUMMARY OF MAJOF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This study was aimed to investigate factors affecting effective utilization of public budget in selected public organizations in Hawassa Town Administration. To know the level of practice of staff competency, stakeholder's involvement, information technology, finance rules & regulations and auditing & monitoring their aggregate mean was used. In order to examine the relationship and effect of each independent variable on the dependent variable, spearman correlation and binary logistic regression analysis respectively were employed. In this chapter, summary of major findings, conclusions, recommendations and future research direction are illustrated as follows;

5.2 Summary of Major Findings

In order to attain this general objective of the study five specific objectives were raised to assess the area of the problems. Based on the results of data analyses, the summaries of major findings are presented below.

- ✓ From descriptive analysis results, the aggregate mean of all items of staff competency, stakeholder's involvement, information technology, finance rules and regulations and auditing & monitoring in the study area indicate 2.95, 2.82, 3.014, 3.03 and 3.01 respectively. These mean values lie between the mean ranges of [2.62-3.41] and felt in moderate mean range level. These results showed that numbers of respondents were not fully satisfied on level practice of staff competency, stakeholder's involvement, information technology, finance rules and regulations and auditing & monitoring activities in the study area. All these results implied that the study public organizations need improvement in practicing these variables.
- ✓ Also the descriptive analysis result indicated that most respondents with, 79 (59.8%) of respondents responded that public organizations effectively utilize their budget, while 53 (40.2%) of them believed that the study public organizations do not utilize their budget

effectively. This result suggest that majority of public offices used their budget effectively in the study area.

- ✓ From the Spearman correlation analysis result staff competency, finance rule and regulation and auditing & monitoring are positively related to budget utilization with ($r=.549$, $.543$ and $.535$ respectively). These correlation values show that the relationship between staff competency, finance rule and regulation and auditing & monitoring and effective utilization of public budget are substantial or significant association at 1% of significant level in the study area. Furthermore, the study revealed that stakeholders involvement and information technology are positively related to budget utilization with ($r=.484$ and $r=.444$ respectively). The correlation values show that the relationship between stakeholders involvement and information technology with budget utilization is moderate association.
- ✓ From the binary logistic regression result the researcher found that a statistical significance of positive relationship between staff competency and effective utilization of public budget at 5% significance level. The marginal effect of the variable staff competency is 0.2077, which shows the probability of effective utilization of public budget increases by 20.77 percent for those public organizations which had an adequate competent staff as compared to those public organizations that did not have an adequate competent staff, all other factors kept constant.
- ✓ There is statistical significance of positive relationship between Stakeholder's involvement and effective utilization of public budget at 5% significance level. The marginal effect of (0.1837) shows the probability of effective utilization of public budget increases by 18.37 percent for those public organizations which involve stakeholder's during budgeting process than that did not participate stakeholder's, all other factors kept constant
- ✓ There is statistical significance of positive relationship between information technology and effective utilization of public budget at 5% significance level. The use of information technology can help public organizations to improve their budget utilization effectiveness. The marginal effect of (0.1806) shows the probability of effective utilization of public budget increases by 18.06 percent for those public organizations

which have access to usage of information technology than that did not have access to use information technology.

- ✓ It is found to be positively and significantly affecting effective utilization of public budget at 5% significance level. The marginal effect (.1654) indicates that the probability of effective utilization of public budget of public organizations increases by 16.54 percent for those public organizations which properly apply finance rules & regulations related to budgeting than for those organizations did not properly apply finance rules & regulations.
- ✓ Also the study revealed that a statistical significance of positive relationship between auditing & monitoring and effective utilization of public budget at 5% significance level. The marginal effect of (0.1749) shows the probability of effective utilization of public budget of public organizations increases by 17.49 percent for those public organizations which properly audit & monitor their budget than for those organizations did not properly audit & monitor their budget, all other factors kept constant.
- ✓ Finally the study found that the p-value of staff competency, stakeholder's involvement, Information technology, finance rules and regulations, and auditing & monitoring were 0.011, 0.037, 0.018, 0.018 and 0.021 respectively and the significance level for these variables were less than 0.05 at 5% of significant level. These results showed that five variables namely staff competency, stakeholder's involvement, Information technology, finance rules and regulations, and auditing & monitoring had statistical significant positive effect on effective utilization of public budget in selected public offices at Hawassa City Administration. Therefore the formulated hypotheses (Ha1, Ha2, Ha3, Ha4 and Ha5) are accepted or supported.

5.2 Conclusion

The study was conducted to investigate factors affecting effective utilization of public budget in selected public organizations in Hawassa Town Administration.

From descriptive analysis result revealed that, the aggregate mean of all items of staff competency, stakeholder's involvement, information technology, finance rules and regulations and auditing & monitoring had got moderate mean score. These results showed that numbers of respondents were not fully satisfied on level practice of staff competency, stakeholder's

involvement, information technology, finance rules and regulations and auditing & monitoring activities in the study area. All these results implied that the study public organizations need improvement in practicing these variables

From spearman correlation analysis result, five independent variables have a positive and significant relationship with the dependent variable of effective budget utilization of public sectors in Hawassa City Administration, they are statistically significant at 99% confidence level or correlation is significant at the 1% levels.

As per the result of binary logistic regression analysis the researcher concluded that the five predictor variables (i.e., staff competency, stakeholder's involvement, information technology, finance rules and regulations and auditing & monitoring) had significant effect on the dependent variable effective public budget utilization) in the study area. All these results implied that the probability of effective budget utilization has been positively affected by the existing staff competency, stakeholder's involvement, information technology, finance rules and regulations and auditing & monitoring activities. From the above availability of competent staff, proper participation of stakeholders, use of information technology for budgeting process, proper use of budget rules and regulations and proper auditing & monitoring activities increase the probability of effective utilization of public budget in the study area.

5.3 Recommendation

Based on the major findings and conclusion the following recommendations were suggested:

For management of the study organizations

The study revealed that availability of competent staff, proper participation of stakeholders, use of information technology for budgeting process, proper use of budget rules and regulations and proper auditing & monitoring activities increase the probability of effective utilization of public budget in the study area therefore;

- ✓ The organizations should give adequate training for employees on budget preparation and utilization related issues, they should recruit adequate and qualified man power, they should improve employees knowledge and skill in order to improve budget utilization of their organization

- ✓ In each organizations department should participate on budget preparation of their department budget and line managers should involve in planning and budgeting process and they should participate public representatives during budget preparation.
- ✓ The organizations should communicate their budgeting process for all stakeholders in order to improve budget utilization status and should support their budgeting process by IT
- ✓ The study revealed that effective utilization of public budget can be improved through the proper application of finance rules & regulations activities such as managing the budget according to the constitution and the supporting regulations, allocating every budget as per the policy requirements of the sectors and applying budget utilization related policies are well. Hence, MoFEC should revise its finance rules and regulations to transfer budget from one program to another program in a convenient manner and the organizations should plan in line with the budget utilization policy.
- ✓ Top management should adequately support budget planning and utilization process in their organization by allocating adequate facilities.
- ✓ Since effective utilization of public budget can be improved through strengthening auditing & monitoring such as increasing the quality of auditing, and monitoring activities periodically or quarterly based on budget plan as well as finance rules and help them to be efficient use of the scarce resources in the study area in particular. Therefore, the organizations should monitor and evaluate their budget preparation and utilization effectiveness and should take corrective actions based on audit reports.

5.4 Future Research Direction

This study was limited in its scope to only in public organizations at Hawassa City administration. Further researchers may conduct on other industries and be able to compare their findings. The study was limited due to its descriptive and explanatory research design. Yet, these types of relationships may need a longitudinal analysis, so further researches be supposed to examine this relationship over a longer period of time. Lastly, the study findings recognized that the five namely staff competency, stakeholder's involvement, information technology, finance rules and regulations and auditing & monitoring had significant effect on effective budget

utilization. Hence, future researchers should consider other determinant factors of budget utilization in order to establish their contributions.

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APPENDIX II-QUESTIONNAIRES



HAWASSA UNIVERSITY
SCHOOL OF GRADUATE STUDIES
DEPARTMENT OF ACCOUNTING AND FINANCE
COLLEGE OF BUSINESS AND ECONOMICS

This questionnaire is filled by employees of Selected Public Organizations in Hawassa Town Administration

Dear/Sir/Respondents:

This questionnaire is designed to prepare a thesis on the title of “*Factors Affecting Effective Utilization of Public Budget: A Case of Selected Public Organizations in Hawassa Town Administration, Sidama Regional State, Ethiopia*”. The outcome of the study will be used for suggesting possible solutions to problems identified while conducting this study. Therefore, I would kindly ask for you to share your precious time to fill in the questionnaire. I would like to confirm that the information you provide will only be used for academic purposes. Your honest and timely responses are extremely determinants for the success of this study. Therefore, I would once more kindly request your contribution in filling this questionnaire openly and responsibly.

Sincerely

Betelihem Negash

Part-I General Background of Respondents

Instruction:

- ✓ Don't write your name
- ✓ Kindly fill the following questions by ticking (✓) the boxes.

Part A: Respondents Background Information

1. Gender of respondents' Male Female

2. Educational qualification

Diploma /12+2, 10+3 /

BA or Bsc degree

MBA or Msc degree

PhD

3. Department

Budget and plan preparation

Finance administration directorate

Internal audit department

4. Job position

Department director Team leader Expert

5. Write your age level.....

6. Write your work experience in years.....

Part-II: Items concerning each selected independent variables namely staff competency, stakeholder’s involvement, information technology, finance rules & regulations and auditing & monitoring and dependent variable (effective management of public budget).

Instructions: Please carefully read each of the following statements and select only one among the options given below and put (√) symbol that best reflects your opinion. Please be completely open and honest in your responses.

		1 = Strongly Disagree (SD), 2 = Disagree (DA), 3 = Neutral (N), 4 = Agree (A), 5 = Strongly Agree (SA)				
S/N	Study variables and their attributes	SD	DA	N	A	SA
	staff competency	1	2	3	4	5
1	The organization has put in place a policy that all staff should be capacity built through trainings to enhance their budget skills					
2	The organization has invested heavily on staff training to enhance budget skills to ensure effective management of the budget					
3	Employees have adequate knowledge and experience in implementing allocated budget in line with budget utilization policy					
4	Finance directorate leaders have adequate public finance knowledge & skill to manage public fund					
5	The organization has adequate number of professionals who prepare and manage the budget					
stakeholder’s involvement		1	2	3	4	5
6	All employs of the department are participated on budget preparation of your department					
7	Citizen participation in the budgeting process has been encouraged by the top management to strengthen and empower citizens in the administration					
8	There is f full involvement of the line managers in planning and budgeting process					

9	In my organization there is sufficient involvement of all concerned bodies during the budget plan preparation					
10	Citizen participation in the organization has led to improve public service delivery and increase trust of citizens in the organization					
Information technology		1	2	3	4	5
11	ICT activities in your organization is aligned with budgeting process					
12	The organization has invested in computerization to be able to adopt financial management and information systems in budget formulation, execution and accounting					
13	The organization has enhanced budgetary support in training staff on the application of financial management and information systems					
14	The organization prepares and executes the budget by utilizing the IFMIS system					
15	Financial performance is communicated frequently through IT					
Finance rules & regulations		1	2	3	4	5
16	The organization manages the budget according to the constitution and the supporting regulations					
17	The budget policy of the administration is supportive to all the budget utilization cases arising in the organization					
18	Every budget allocation is as per the policy requirements of the sectors					
19	The budget utilization related policies are well implemented in the organization					
20	The top management in the organization supports and understands the importance of effective management of the budget and in accordance with the law					
Auditing & monitoring		1	2	3	4	5

21	Internal auditors of my organization properly monitor and evaluate budget utilization of each directorate					
22	There is effective evaluation of each Budget activities in my organization					
23	Budget utilization is always audited based on full documents and evidences of the office					
24	The financial statement of my organization is audited regularly by an independent auditor					
25	Internal and external auditors give on time feedback about budget utilization to the responsible bodies					

Part-III: Effective utilization of public budget

In order to decide or response whether the organizations effectively utilize their budget or not the you should consider the following criteria fulfilled for effective budget utilization such as completeness, precision, annularity, control system and transparency.

How do you evaluate effective public budget utilization status of your organization?

- 1) Effectively Utilize
- 0) Not effectively utilize

THANK YOU!

HAWASSA UNIVERSITY
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DEPARTMENT OF ACCOUNTING AND FINANCE
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Interview Questions for leaders of selected organizations

This interview question is designed for top managers of selected organizations. The purpose of this interview question is with the assumption those better and opens responses given and the accuracy of the data and quality may be improved

1. How do you evaluate competency of staff who is working in budget related job positions in your organization? Explain it

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2. How do you evaluate stakeholders' involvement in budgeting process in your organization? Explain your trends

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3. Do ICT activities are aligned with budgeting process in your organization? If your response is you, then how? If no then why?

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4. Does your organization properly used finance rules and regulations during budget management process? If your response is yes, then how? If your response is no, why?

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5. Explain budget auditing & monitoring practice of your organization.

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6. How do you evaluate budget utilization status of your organization? How?

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THANK YOU!

